

Fidelity® VIP Equity-Income Portfolio - Initial Class

GROWTH & INCOME
(STOCKS)



Risk: Moderate
Investment Style *: Large Value

Fidelity Investments is one of the world's largest providers of financial services, with custodied assets of \$1.4 trillion, including managed assets of \$773.3 billion as of July 31, 2002. Fidelity offers investment management, retirement planning, brokerage, human resources and benefits outsourcing services to 17 million individuals and institutions as well as through 5,500 financial intermediaries. The firm is the number one provider of workplace retirement savings plans, one of the largest mutual fund supermarkets and a leading online brokerage firm.

Investment Adviser

Fidelity Management & Research
Company
Subadviser: FMR Co., Inc.

Portfolio Manager

Stephen Petersen is vice president and manager of the Portfolio, which he has managed since January 1997. He also manages other Fidelity funds. Mr. Petersen joined Fidelity in 1980.

Investment Objective

Seeks reasonable income. Also considers the potential for capital appreciation. Seeks to achieve a yield which exceeds the composite yield on the securities comprising the Standard & Poor's 500 Index.

Strategy

Normally invests at least 80 percent of its assets in income-producing equity securities, which tends to lead to investments in large cap "value" stocks. May also invest in other types of equity securities and debt securities, including lower-quality debt securities. May invest in securities of

both domestic and foreign issuers. Uses fundamental analysis of each issuer's financial condition and industry position and market and economic conditions to select investments.

Principal Risks

Subject to the following principal investment risks: stock market volatility, interest rate changes, issuer-specific changes, and "value" investing. Stock market volatility refers to the risk that stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Different parts of the market can react differently to these developments. Interest rate changes refers to the risk that interest rate increases can cause the price of a debt security to decrease.

Issuer-specific changes refers to the risk that the value of an individual security or particular type of security can be more volatile than the market as

FUND FACTS¹

Inception date: **October 9, 1986**

Investment advisory fee for period ended December 31, 2001: **0.48%**

Other Expenses: **0.10%**

Total fund annual expenses for period ended December 31, 2001: **0.58%**

a whole and can perform differently from the value of the market as a whole. Lower-quality debt securities (those of less than investment-grade quality) can be more volatile due to increased sensitivity to adverse issuer, political, regulatory, market or economic developments. "Value" investing refers to the risk that "value" stocks can perform differently from the market as a whole than other types of stocks and can continue to be undervalued by the market for long periods of time.

Important Information

*Determined using Fund Company and/or Morningstar Category information.

VIP refers to Variable Insurance Products Fund.

(1) The Company may receive compensation from each of the funds or the funds' affiliates based on an annual percentage of the average net assets held in that fund by the Company. The percentage paid may vary from one fund company to another. For certain funds, some of this compensation may be paid out of 12b-1 fees or service fees that are deducted from fund assets. Any such fees deducted from fund assets are disclosed in this Fund Expense Table and the fund prospectuses. The Company may also receive additional compensation from certain funds for administrative, recordkeeping or other services provided by the Company to the funds or the funds' affiliates. These additional payments are made by the funds or the funds' affiliates to the Company and do not increase, directly or indirectly, the fees and expenses shown above. See 'Fees - Fund Expenses' for additional information.

Actual annual class operating expenses were lower because a portion of the brokerage commissions that the fund paid was used to reduce the fund's expenses. In addition, through arrangements with the fund's custodian, credits realized as a result of uninvested cash balances are used to reduce a portion of the fund's custodian expenses. These offsets may be discontinued at any time.

The above risk level is provided by ING. ING and Fidelity Investments

are not affiliated.

Fidelity is a registered service mark of FMR Corp.

If you participate in a retirement plan under Internal Revenue Code Sections 403(b) or 457 that is not subject to ERISA and is funded by an annuity contract through ILIAC's Variable Annuity Accounts B and C, this material must be accompanied by the current Portfolio Update, Performance Update, and a Prospectus Summary for the contract. You can obtain a free copy of the prospectus for the fund and/or the separate account prior to making an investment decision or at any time by calling your local representative or 1-800-262-3862. If a different toll-free number is shown on the first page of the Prospectus Summary, please call that number. Read carefully before investing.

Securities are offered through ING Financial Advisers, LLC (member SIPC) or other broker-dealers with which it has a selling agreement.



PORTFOLIO UPDATE

Fidelity® VIP Equity-Income Portfolio - Initial Class

AS OF SEPTEMBER 30, 2002 (shown in percentages)

Fund Facts

Market Benchmark ¹	Russell 3000 Value Index
Total Net Assets	\$6.5 billion
Beta*	1.03

Top Ten Holdings **

- EXXON MOBIL CORP
- FANNIE MAE
- CITIGROUP INC
- TOTAL FINA ELF SA CL B (FRAN)
- WELLS FARGO & CO
- BANK OF AMERICA CORPORATION
- AMER INTL GROUP INC
- VIACOM INC CL B NON-VTG
- SCHLUMBERGER LTD NY REG
- BP PLC SPON ADR

Top Ten as a % of Total Assets 21.7

Top Industries/Sectors **

Financials	29.5
Energy	13.4
Industrials	12.1
Consumer Discretionary	11.7
Consumer Staples	7.3
Health Care	6.5
Information Technology	5.7
Materials	5.6
Telecommunication Services	4.4
Utilities	3.5

Asset Allocation

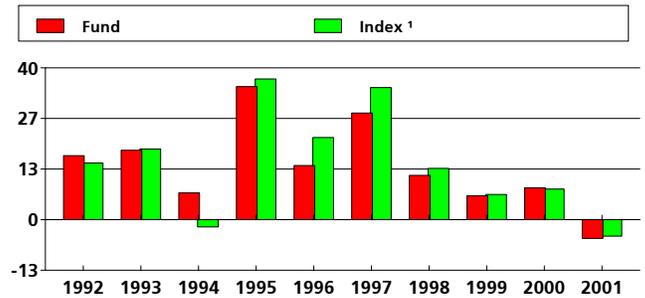
Equities	96.1
Convertibles	3.3
Bonds	0.5
Cash & Other	0.1

Average annual total returns

	Qtr [†]	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Fund	-19.10	-16.96	-6.84	-1.08	9.62	N/A
Index ¹	-18.97	-15.89	-5.41	0.30	10.48	N/A

[†] Return Not Annualized

Calendar year returns for periods ended 12/31



Fund	16.89	18.29	7.07	35.09	14.28	28.11	11.63	6.33	8.42	-4.96
Index ¹	14.90	18.65	-1.95	37.03	21.60	34.83	13.50	6.65	8.04	-4.33

¹The Russell 3000 Value Index is a market capitalization-weighted index of value-oriented stocks of U.S. domiciled corporations. Please note that indexes are unmanaged and their returns do not take into account any of the fees and expenses of the mutual funds to which they are compared. Individuals cannot invest directly in any index.

*Beta is a means of measuring the volatility of a security or portfolio of securities in comparison with the market as a whole. A beta of 1 indicates that the security's price will move with the market. A beta higher than 1 indicates that the price will be more volatile than the market and a beta of less than 1 means that it will be less volatile.

**May change at any time. Top holdings do not include money market instruments or futures contracts.

Results are historical and are not intended to portray future performance. Investment return and the principal value of an investment will fluctuate so that, when sold, an investment may be worth more or less than the original cost.

Important Information

Average annual total returns and calendar year returns are net of all fund expenses, but do not include retirement plan charges which, if included, would reduce the total return. Performance results assume reinvestment of all earnings and do not include the deduction of any fund sales charges, which are waived under the terms of this retirement program.