

Janus Aspen Series Balanced Portfolio - Institutional Shares

GROWTH & INCOME
(STOCKS & BONDS)



Risk: Moderate
Investment Style *: Domestic Hybrid

Janus was founded in 1969 and is a leading name in growth stock management. They utilize a team-oriented research process, but each portfolio manager has full autonomy when making buy and sell decisions for his or her portfolio. Janus' portfolios are constructed from the bottom up, one security at a time, and holdings are drawn from the most attractive candidates identified by the research process.

Investment Adviser

Janus Capital

Portfolio Manager

Karen L. Reidy is Executive Vice President and Portfolio Manager of the Portfolio which she has managed since January 2000. Ms. Reidy joined Janus Capital in 1995.

Investment Objective

Seeks long-term capital growth, consistent with preservation of capital and balanced by current income.

Strategy

Normally invests 40-60% of its assets in securities selected primarily for their growth potential and 40-60% of its assets in securities selected primarily for their income potential. Will normally invest at least 25% of its assets in fixed-income securities. The portfolio manager applies a "bottom up" approach in choosing investments. This approach identifies individual companies with earnings growth potential that may not be recognized by the market at large. Assessment is made by looking at companies one at a time, regardless of size, country of organization, place of principal business activity, or other similar selection criteria. If the portfolio

manager is unable to find investments with earnings growth potential, a significant portion of assets may be in cash or similar investments.

Principal Risks

Because the Portfolio may invest a significant portion of its assets in common stocks, the main risk is that the value of the stocks it holds might decrease in response to the activities of an individual company or in response to general market and/or economic conditions. The income component of the Portfolio's holdings includes fixed-income securities which generally will decrease in value when interest rates rise. Another fundamental risk associated with fixed-income securities is the risk that an issuer of a bond will be unable to make principal and interest payments when due (i.e. credit risk). Performance may also be affected by risks specific to certain types of investments, such as foreign securities, derivative investments, non-investment grade debt securities (high-yield/high-risk bonds or "junk" bonds) or companies with relatively small market capitalizations. Smaller or newer companies may suffer more significant losses as well as realize more substantial growth than larger or

FUND FACTS¹

Inception date: **September 13, 1993**

Investment advisory fee for period ended December 31, 2001: **0.65%**

Other Expenses: **0.01%**

Total fund annual expenses for period ended December 31, 2001: **0.66%**

more established issuers. Investments in such companies tend to be more volatile and somewhat more speculative. Issues associated with investing in foreign securities include currency risk, political and economic risk, regulatory risk, market risk and transaction costs. High-yield/high-risk bonds present greater risk of default (the failure to make timely interest and principal payments) than higher quality bonds.

Important Information

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

(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.

All expenses are shown without the effect of any expense offset arrangement.

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

Janus Aspen Series Balanced Portfolio - Institutional Shares

AS OF SEPTEMBER 30, 2002 (shown in percentages)

Fund Facts

Market Benchmark ¹	S&P 500 Index
Market Benchmark ²	Lehman Brothers Government/Credit Index
Total Net Assets	\$3.4 billion
Beta*	0.45

Top Ten Holdings **

3M Co.	
Anheuser-Busch Companies, Inc.	
Automatic Data Processing, Inc.	
Berkshire Hathaway, Inc. - Class B	
Citigroup, Inc.	
Exxon Mobil Corp.	
Gannett Co., Inc.	
Marsh & McLennan Companies, Inc.	
Tenet Healthcare Corp.	
Viacom, Inc. - Class B	
Top Ten Holdings as % of Portfolio	12.8

Top Industries/Sectors **

Multimedia	5.0
Diversified Financial Services	3.7
Oil Companies - Integrated	3.6
Diversified Operations	3.5
Brewery	3.4
Automotive - Cars and Light Trucks	3.0
Medical - Drugs	2.8
Food - Diversified	2.6
Retail - Discount	2.5
Beverages - Non-Alcoholic	2.2

Asset Allocation

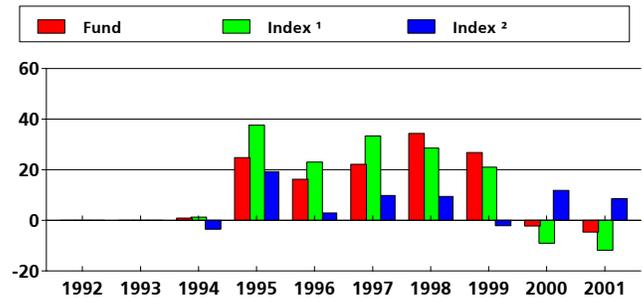
US Equities	36.1
Investment Grade Corporate Bonds	20.6
High-Yield Bonds	0.7
US Treasury Bonds	23.9
Foreign Stocks	4.9
Cash & Equivalents	12.4
Preferred Stock - Domestic	1.4

Average annual total returns

	Qtr [†]	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Fund	-5.42	-3.98	-0.25	8.23	N/A	11.96
Index ¹	-17.28	-20.67	-12.96	-1.68	N/A	N/A
Index ²	5.67	9.75	9.85	8.03	N/A	N/A

[†] Return Not Annualized

Calendar year returns for periods ended 12/31



Year	Fund	Index ¹	Index ²
1992	N/A	N/A	N/A
1993	N/A	N/A	N/A
1994	0.85	1.32	-3.51
1995	24.79	37.58	19.24
1996	16.18	22.96	2.90
1997	22.10	33.36	9.76
1998	34.28	28.57	9.47
1999	26.76	21.04	-2.15
2000	-2.27	-9.11	11.85
2001	-4.66	-11.88	8.50

¹The Standard & Poor's (S&P) 500 Index is considered to be representative of the stock market in general. The S&P 500 returns assume reinvestment of all dividends. 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.

²The Lehman Brothers Government/Credit Index is composed of all Government/Corporate Bonds that are investment grade (rated Baa or higher by Moody's or BBB or higher by S&P, if unrated by Moody's). Issues must have at least one year to maturity. 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.

**Holdings are subject to change without notice.

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.