

**ING Life Insurance and Annuity Company and its Variable Annuity Accounts B and C**  
**and**  
**ING Insurance Company of America and its Variable Annuity Account I**

**Supplement dated April 29, 2005**

This supplement amends certain information contained in the most recent variable annuity contract prospectus and contract prospectus summary, as applicable. Please read it carefully and keep it with your variable annuity contract prospectus and contract prospectus summary, as applicable, for future reference.

---

**The "Regulatory Matters" sub-section of the prospectus and prospectus summary, as applicable, is hereby deleted and replaced with the following:**

**Regulatory Matters**

As with many financial services companies, the Company and its affiliates have received informal and formal requests for information from various state and federal governmental agencies and self-regulatory organizations in connection with inquiries and investigations of the products and practices of the financial services industry. In each case, the Company and its affiliates have been and are providing full cooperation.

*Fund Regulatory Issues*

Since 2002, there has been increased governmental and regulatory activity relating to mutual funds and variable insurance products. This activity has primarily focused on inappropriate trading of fund shares, revenue sharing and directed brokerage, compensation, sales practices and suitability, arrangements with service providers, pricing, compliance and controls, and adequacy of disclosure.

In addition to responding to governmental and regulatory requests on fund regulatory issues, ING management, on its own initiative, conducted, through special counsel and a national accounting firm, an extensive internal review of mutual fund trading in ING insurance, retirement, and mutual fund products. The goal of this review was to identify any instances of inappropriate trading in those products by third parties or by ING investment professionals and other ING personnel.

The internal review identified several isolated arrangements allowing third parties to engage in frequent trading of mutual funds within the variable insurance and mutual fund products of certain affiliates of the Company, and identified other circumstances where frequent trading occurred despite measures taken by ING intended to combat market timing. Each of the arrangements has been terminated and disclosed to regulators, to the independent trustees of ING Funds (U.S.) and in Company reports previously filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended.

An affiliate of the Company, ING Funds Distributors, LLC ("IFD") has received notice from the staff of the National Association of Securities Dealers ("NASD") that the staff has made a preliminary determination to recommend that disciplinary action be brought against IFD and one of its registered persons for violations of the NASD Conduct Rules and federal securities laws in connection with frequent trading arrangements.

Other regulators, including the Securities and Exchange Commission ("SEC") and the New York Attorney General, are also likely to take some action with respect to certain ING affiliates before concluding their investigation of ING relating to fund trading. The potential outcome of such action is difficult to predict but could subject certain affiliates to adverse consequences, including, but not limited to, settlement payments, penalties, and other financial liability. It is not currently anticipated, however, that the actual outcome of such action will have a material adverse effect on ING or ING's U.S.-based operations, including the Company.

ING has agreed to indemnify and hold harmless the ING Funds from all damages resulting from wrongful conduct by ING or its employees or from ING's internal investigation, any investigations conducted by any governmental or self-regulatory agencies, litigation or other formal proceedings, including any proceedings by the SEC. Management reported to the ING Funds Board that ING management believes that the total amount of any indemnification obligations will not be material to ING or ING's U.S.-based operations, including the Company.

#### *Other Regulatory Matters*

The New York Attorney General and other regulators are also conducting broad inquiries and investigations involving the insurance industry. These initiatives currently focus on, among other things, compensation and other sales incentives, potential conflicts of interest, potential anti-competitive activity, marketing practices, certain financial reinsurance arrangements, and disclosure. It is likely that the scope of these investigations will further broaden before the investigations are concluded. U.S. affiliates of ING have received formal and informal requests in connection with such investigations, and are cooperating fully with each request for information.

These initiatives may result in new legislation and regulation that could significantly affect the financial services industry, including businesses in which the Company is engaged.

In light of these and other developments, U.S. affiliates of ING, including the Company, periodically review whether modifications to their business practices are appropriate.

## ING Flexible Income Annuity Contract Prospectus - April 29, 2005

**The Contract.** The contract described in this prospectus is a fixed or variable, group or individual immediate annuity contract issued by ING Life Insurance and Annuity Company (the Company) (formerly known as Aetna Life Insurance and Annuity Company). The contract is available as an internal exchange from certain existing annuity contracts issued by the Company or certain of its affiliates, and to any participants in a retirement plan where the plan sponsor has purchased a group master contract (whether or not connected with an internal exchange). The contract may be issued as either a nonqualified contract, or as a qualified contract for use with a traditional Individual Retirement Annuity (IRA) under section 408(b) of the Internal Revenue Code of 1986, as amended (Tax Code) or with retirement plans under Tax Code sections 401, 403(b) or 457. Contracts sold in New York are not available to 457 plans.

**Why Reading this Prospectus is Important.** This prospectus contains facts about the contract and its investment options that you should know before purchasing. The information will help you decide if the contract is right for you. Please read this prospectus carefully and keep it for future reference.

**Table of Contents ... page 3**

**Investment Options.** The contract offers variable investment options and a fixed dollar option. When you purchase the contract, your purchase payment will be applied to the investment options you select. Some investment options may be unavailable through your contract, your plan or in your state.

### **The Funds**

AIM V.I. Capital Appreciation Fund (Series I) AIM V.I. Core Equity Fund (Series I) Calvert Social Balanced Portfolio Fidelity® VIP Contrafund® Portfolio (Initial Class) Fidelity® VIP Equity-Income Portfolio (Initial Class) Fidelity® VIP Growth Portfolio (Initial Class) Franklin Small Cap Value Securities Fund (Class 2) ING American Century Large Company Value Portfolio (Service Class)* ING American Century Select Portfolio (Initial Class) ING American Century Small Cap Value Portfolio (Service Class) ING Baron Small Cap Growth Portfolio (Service Class) ING Fundamental Research Portfolio (Service Class)* ING Goldman Sachs® Capital Growth Portfolio (Service Class)** ING JPMorgan Fleming International Portfolio (Initial Class) ING JPMorgan Mid Cap Value Portfolio (Service Class) ING MFS Capital Opportunities Portfolio (Initial Class) ING OpCap Balanced Value Portfolio (Service Class) ING Oppenheimer Global Portfolio (Initial Class) ING Oppenheimer Strategic Income Portfolio (Initial Class) ING PIMCO Total Return Portfolio (Service Class) ING Salomon Brothers Aggressive Growth Portfolio (Initial Class) ING Salomon Brothers Fundamental Value Portfolio (Service Class) ING T. Rowe Price Diversified Mid Cap Growth Portfolio (Initial Class)	ING T. Rowe Price Growth Equity Portfolio (Initial Class) ING UBS U.S. Large Cap Equity Portfolio (Initial Class) ING Van Kampen Comstock Portfolio (Service Class) ING Van Kampen Equity and Income Portfolio (Initial Class) ING VP Balanced Portfolio, Inc. (Class I) ING VP Growth and Income Portfolio (Class I) ING VP Growth Portfolio (Class I) ING VP Index Plus LargeCap Portfolio (Class I) ING VP Index Plus MidCap Portfolio (Class I) ING VP Index Plus SmallCap Portfolio (Class I) ING VP Intermediate Bond Portfolio (Class I)* ING VP International Equity Portfolio (Class I) ING VP International Value Portfolio (Class I) ING VP MagnaCap Portfolio (Class I) ING VP Money Market Portfolio (Class I) ING VP Small Company Portfolio (Class I) ING VP Strategic Allocation Balanced Portfolio (Class I) ING VP Strategic Allocation Growth Portfolio (Class I) ING VP Strategic Allocation Income Portfolio (Class I) ING VP Value Opportunity Portfolio (Class I) Lord Abbett Series Fund - Growth and Income Portfolio (Class VC) Lord Abbett Series Fund - Mid-Cap Value Portfolio (Class VC) Pioneer Equity Income VCT Portfolio (Class I) Pioneer Fund VCT Portfolio (Class I) Pioneer Mid Cap Value VCT Portfolio (Class I)
<p>* This fund has changed its name to the name listed above. See Appendix II - Description of Underlying Funds for a complete list of former and current fund names.</p> <p>** Goldman Sachs® is a registered service mark of Goldman, Sachs &amp; Co., and it is used by agreement with Goldman, Sachs &amp; Co.</p>	

**Variable Income Payments.** If you select variable income payments, the amount of your income payments will vary based on the performance of the variable investment options that you select. These options are called subaccounts. The subaccounts are within Variable Annuity Account C (the separate account), a separate account of the Company. Each subaccount invests in one of the mutual funds (funds) listed on the previous page. Subaccount performance will vary depending upon the performance of its underlying fund. You do not invest directly in or hold shares of the funds.

**Risks Associated with Investing in the Funds.** Information about the risks of investing in the funds is located in the "Investment Options" section on page 19, in Appendix II - Description of Underlying Funds, and in each fund prospectus. Read this prospectus in conjunction with the fund prospectuses, and retain the prospectuses for future reference.

**Fixed Income Payments.** If you select fixed payments, your purchase payment will be applied to the fixed dollar option and your payment amount will not vary. Except as specifically mentioned, this prospectus describes only the variable investment options. However, we describe the fixed dollar option in Appendix I of this prospectus.

**Getting Additional Information.** You may obtain the April 29, 2005 Statement of Additional Information (SAI) about the separate account free of charge by indicating your request on your application or enrollment form, calling us at 1-800-238-6273 or writing to us at the address referenced under "Contract Overview - Questions: Contacting the Company" section of the prospectus. You may also obtain an SAI for any of the funds by calling that number. This prospectus, the SAI and other information about the separate account may be obtained by accessing the Securities and Exchange Commission's (SEC) website, [www.sec.gov](http://www.sec.gov). Copies of this information may also be obtained, after paying a duplicating fee, by contacting the SEC Public Reference Room. Information on the operation of the Public Reference Room may be obtained by calling 1-202-942-8090 or 1-800-SEC-0330, e-mailing [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing to SEC Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. 20549. The SAI table of contents is listed on page 40 of this prospectus. The SAI is incorporated into this prospectus by reference.

**Additional Disclosure Information.** Neither the SEC, nor any state securities commission, has approved or disapproved the securities offered through this prospectus or passed on the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense. We do not intend for this prospectus to be an offer to sell or a solicitation of an offer to buy these securities in any state that does not permit their sale. We have not authorized anyone to provide you with information that is different than that contained in this prospectus.

## Table of Contents

<b>Contract Overview</b>	4
Contract Design	
Who's Who	
Contract Rights	
The Contract and Retirement Plans	
Contract Facts	5
Questions: Contacting the Company (sidebar)	
Sending Forms and Written Requests in Good Order (sidebar)	
<b>Fee Table</b>	6
<b>Condensed Financial Information</b>	12
<b>Purchase</b>	12
<b>Right to Cancel</b>	14
<b>Income Payments</b>	14
<b>Calculating Variable Income Payments</b>	18
<b>Investment Options</b>	19
<b>Fees</b>	22
<b>Death Benefit</b>	26
<b>Withdrawals</b>	27
<b>Taxation</b>	28
<b>Contract Distribution</b>	35
<b>Other Topics</b>	37
The Company - Variable Annuity Account C - Payment Delay or Suspension - Performance Reporting - Voting Rights - Contract Modification - Transfer of Ownership - Legal Matters and Proceedings - Regulatory Matters	
<b>Contents of the Statement of Additional Information</b>	40
<b>Appendix I - Fixed Dollar Option</b>	I-1
<b>Appendix II - Description of Underlying Funds</b>	II-1
<b>Appendix III - Calculation of Present Value of Remaining Guaranteed Variable or Fixed Income Payments</b>	III-1
<b>Appendix IV - Condensed Financial Information</b>	IV-1

### **Questions: Contacting the Company**

To answer your questions, contact your sales representative or write or call our Customer Service Center at:

ING  
Attention: Payout Services  
151 Farmington Avenue  
Hartford, CT 06156  
1-800-238-6273

### **Sending Forms and Written Requests in Good Order**

If you are writing to change your beneficiary, request a withdrawal, or for any other purpose, contact your sales representative or write or call us to learn what information is required for the request to be in "good order."

Generally, a request is considered to be in "good order" when it is signed, dated and made with such clarity and completeness that we are not required to exercise any discretion in carrying it out.

We can only act upon requests that are received in good order.

## **Contract Overview**

The following is intended as a summary. Please read each section of this prospectus for additional detail.

### **Contract Design**

The contract described in this prospectus is a fixed and/or variable, group or individual immediate annuity contract. It is designed for individuals who would like regular income payments from an annuity contract.

### **Who's Who**

**Contract Holder:** The person or plan to whom we issue an individually owned contract, or the plan to which we issue a group master contract.

**Participant (you/your):** The individual who owns an individual contract, participates in a group master contract, or who receives income payments in connection with an individual contract owned by a plan sponsor.

**The Company (we, us, our):** ING Life Insurance and Annuity Company. We issue the contract.

### **Contract Rights**

For individual and group master contracts issued in connection with 401 and 457 plans, the plan sponsor is the contract holder and holds the rights under the contract. Section 401 and 457 plan sponsors may allow their participants to exercise certain limited contract rights. For example, the section 401 or 457 plan sponsor has the right to make investment selections, but may permit their individual participants to exercise that right. For individual contracts issued on a nonqualified basis and those issued in connection with 408(b) and most 403(b) retirement plans, the individual is the contract holder and holds all contract rights. In situations where an individual or group master contract is issued to the plan sponsor of a 403(b) plan, the participant generally holds all contract rights.

### **The Contract and Retirement Plans**

We may offer this contract to employees or other individuals in connection with a retirement plan.

**Plan Type.** We refer to a retirement plan by the Tax Code section under which it qualifies. For example: a "457 plan" is a plan that qualifies for tax treatment under Tax Code section 457. We are not a party to the plan, so the terms and the conditions of the contract and the plan may differ.

**Use of an Annuity Contract in your Plan.** Under the federal tax laws, earnings on amounts held in annuity contracts are generally not taxed until they are withdrawn. However, in the case of a qualified retirement account (such as a 401, 403(b), 408(b) or 457 retirement plan), an annuity contract is not necessary to obtain this favorable tax treatment and does not provide any tax benefits beyond the deferral already available to the tax qualified account itself. Annuities do provide other features and benefits (such as the option of lifetime income phase options at established rates) which may be valuable to you. You should discuss your alternatives with your financial representative taking into account the additional fees and expenses you may incur in an annuity. See "Contract Purchase or Participation."

## Contract Facts

**Income Payment Options.** You may select from a number of features for your payments including but not limited to: duration, number of payees, payments to beneficiaries, guaranteed minimum payment amount, and variable or fixed payments. Some features require payment of additional fees. See "Income Payments."

**Free Look/Right to Cancel.** The contract holder may cancel the contract no later than within ten days of receipt (some states require more than ten days). Participants in 403(b) plans and some 401 plans may cancel their participation in a group contract no later than ten days after they receive evidence of participation in the contract. See "Right to Cancel."

**Death Benefit.** If any guaranteed income payments remain to be paid at the time of the death of the annuitant or both annuitants, if applicable, they may be paid to your beneficiary. See "Death Benefit."

**Withdrawals.** Some income payment options allow you to withdraw a portion or all of any remaining guaranteed payments. An early withdrawal charge may apply. See "Withdrawals."

**Fees.** Certain fees associated with the contract will reduce income payments. See "Fee Table" and "Fees."

**Taxation.** The Tax Code has certain rules that apply to amounts distributed under the contract. Tax penalties may apply if rules are not followed. See "Taxation."

**In this Section:**

- Maximum Transaction Fees
- Maximum Fees Deducted from the Subaccounts
- Fees Deducted by the Funds
- Hypothetical Examples

**Also see the "Fees" Section for:**

- How, When and Why Fees are Deducted
- Redemption Fees
- Premium and Other Taxes
- Reduction or Elimination of Certain Fees

## Fee Table

---

The following tables describe the fees and expenses that you will pay when buying, owning, and surrendering the contract. The first table describes the fees and expenses that you will pay at the time that you buy the contract, surrender the contract, or transfer contract value between investment options.

The tables and examples in this section show the fees that may affect the amount of variable income payments. For fees applicable to fixed income payments, see Appendix I. See "Fees" for additional information. The fees shown below do not reflect any premium tax that may apply.

### *Maximum Transaction Fees*

#### **Early Withdrawal Charge**

(As a percentage of the present value of remaining guaranteed income payments withdrawn)<sup>(1)</sup>

#### *Early Withdrawal Charge Schedule<sup>(2)</sup>*

<u>Number of Years from Contract Effective Date<sup>(3)</sup></u>	<u>Early Withdrawal Charge</u>
Fewer than 1	7%
1 or more but fewer than 2	6%
2 or more but fewer than 3	5%
3 or more but fewer than 4	4%
4 or more but fewer than 5	3%
5 or more but fewer than 6	2%
6 or more but fewer than 7	1%
7 or more	0%

<sup>(1)</sup> Although the maximum early withdrawal charge is 7% of the remaining guaranteed income payments withdrawn, the total early withdrawal charge deducted will not exceed 8.5% of your purchase payment to the contract. See "Fees-Early Withdrawal Charge."

<sup>(2)</sup> Not all contracts permit withdrawals. Under certain contracts withdrawals are not allowed during the first year. See "Withdrawals."

<sup>(3)</sup> For participants under a group contract, the early withdrawal charge will be calculated based upon the number of years from the certificate effective date. For amounts transferred into this contract as a result of an internal exchange, see "Fees."



The next table describes the fees and expenses that you will pay periodically during the time that you own the contract, not including fund fees and expenses.

***Maximum Fees Deducted from the Subaccounts***

(Daily deductions, equal to the following percentages on an annual basis, from amounts invested in the subaccounts.)

**For Contracts Without the Guaranteed Minimum Income Feature:**

	<u>Maximum Charge</u>	<u>Current Charge</u>
Mortality and Expense Risk Charge	1.25%	0.95%
Administrative Expense Charge <sup>(4)</sup>	<u>0.25%</u>	<u>0.00%</u>
Total Separate Account Expenses	<u>1.50%</u>	<u>0.95%</u>

**For Contracts With the Five-Year Guaranteed Minimum Income Feature:**

	<u>Maximum Charge</u>	<u>Current Charge</u>
Mortality and Expense Risk Charge	1.25%	0.95%
Administrative Expense Charge <sup>(4)</sup>	0.25%	0.00%
Five-Year Guaranteed Minimum Income Charge <sup>(5)</sup>	<u>1.00%</u>	<u>1.00%</u>
Total Separate Account Expenses	<u>2.50%</u>	<u>1.95%</u>

<sup>(4)</sup> We currently do not impose an administrative expense charge; however, we reserve the right to impose this charge for new contracts and to deduct a daily charge from the subaccounts equivalent to not more than 0.25% annually.

<sup>(5)</sup> This charge terminates after five years.

***Fees Deducted by the Funds***

The next item shows the minimum and maximum total operating expenses charged by a fund that you may pay periodically during the time that you own the contract. The minimum and maximum expenses listed below are based on expenses for the fund's most recent fiscal year ends without taking into account any fee waiver or expense reimbursement arrangements that may apply. More detail concerning each fund's fees and expenses is contained in the prospectus for each fund.

<b>Total Annual Fund Operating Expenses <sup>(1)</sup></b> (expenses that are deducted from fund assets, including management fees, distribution and/or service (12b-1) fees, and other expenses):	<b>Minimum</b>	<b>Maximum</b>
	0.34%	1.65%

<sup>(1)</sup> After taking into account any fee waiver or expense reimbursement arrangements, the minimum and maximum total fund operating expenses would be 0.34% and 1.55%. The fund having the minimum expense percentage is not subject to any contractual fee waiver or expense reimbursement arrangement. The fund having the maximum expense percentage is subject to a contractual fee waiver/expense reimbursement arrangement through May 1, 2006.

**Using this Information.** The following table shows the investment advisory fees, 12b-1 fees and other expenses including service fees (if applicable) charged annually by each fund. See the "Fees" section of this prospectus, and the fund prospectuses for additional information. Fund fees are one factor that impacts the value of a fund share. To learn about additional factors, refer to the fund prospectuses. The fee and expense information listed below was provided by the funds.

**How Fees are Deducted.** Fees are deducted from the value of the fund shares on a daily basis, which in turn will affect the value of each subaccount on a daily basis. The column labeled "Fees and Expenses Waived or Reimbursed" shows only contractual waivers or reimbursements that continue through at least May 1, 2006. Except as noted below, the following figures are a percentage of the average net assets of each fund, and are based on figures for the year ended December 31, 2004. There is no guarantee that actual expenses will be the same as those shown in the table.

**Fund Expense Table<sup>(1)(2)</sup>**

<b>Fund Name</b>	<b>Management (Advisory) Fees</b>	<b>12b-1 Fee</b>	<b>Other Expenses</b>	<b>Total Annual Fund Operating Expenses</b>	<b>Fees and Expenses Waived or Reimbursed</b>	<b>Net Annual Fund Operating Expenses</b>
AIM V.I. Capital Appreciation Fund (Series I) <sup>(3)</sup>	0.61%	--	0.30%	0.91%	--	0.91%
AIM V.I. Core Equity Fund (Series I) <sup>(3)</sup>	0.61%	--	0.30%	0.91%	--	0.91%
Calvert Social Balanced Portfolio <sup>(4)</sup>	0.70%	--	0.21%	0.91%	--	0.91%
Fidelity® VIP Contrafund® Portfolio (Initial Class)	0.57%	--	0.11%	0.68%	--	0.68%
Fidelity® VIP Equity-Income Portfolio (Initial Class)	0.47%	--	0.11%	0.58%	--	0.58%
Fidelity® VIP Growth Portfolio (Initial Class)	0.58%	--	0.10%	0.68%	--	0.68%
Franklin Small Cap Value Securities Fund (Class 2) <sup>(5)(6)</sup>	0.53%	0.25%	0.18%	0.96%	0.04%	0.92%
ING American Century Large Company Value Portfolio (Service Class) <sup>(7)</sup>	0.80%	--	0.45%	1.25%	--	1.25%
ING American Century Select Portfolio (Initial Class) <sup>(8)</sup>	0.64%	--	0.02%	0.66%	--	0.66%
ING American Century Small Cap Value Portfolio (Service Class) <sup>(9)</sup>	1.00%	--	0.65%	1.65%	0.10%	1.55%
ING Baron Small Cap Growth Portfolio (Service Class) <sup>(10)</sup>	0.85%	--	0.65%	1.50%	0.05%	1.45%
ING Fundamental Research Portfolio (Service Class) <sup>(7)</sup>	0.60%	--	0.45%	1.05%	--	1.05%
ING Goldman Sachs® Capital Growth Portfolio (Service Class) <sup>(7)</sup>	0.85%	--	0.45%	1.30%	--	1.30%
ING JPMorgan Fleming International Portfolio (Initial Class)	0.80%	--	0.20%	1.00%	--	1.00%
ING JPMorgan Mid Cap Value Portfolio (Service Class) <sup>(7)</sup>	0.75%	--	0.60%	1.35%	--	1.35%
ING MFS Capital Opportunities Portfolio (Initial Class)	0.65%	--	0.25%	0.90%	--	0.90%
ING OpCap Balanced Value Portfolio (Service Class) <sup>(7)</sup>	0.80%	--	0.45%	1.25%	--	1.25%
ING Oppenheimer Global Portfolio (Initial Class) <sup>(8)</sup>	0.60%	--	0.06%	0.66%	--	0.66%
ING Oppenheimer Strategic Income Portfolio (Initial Class) <sup>(10)</sup>	0.50%	--	0.04%	0.54%	--	0.54%
ING PIMCO Total Return Portfolio (Service Class) <sup>(7)</sup>	0.50%	--	0.60%	1.10%	--	1.10%
ING Salomon Brothers Aggressive Growth Portfolio (Initial Class)	0.69%	--	0.13%	0.82%	--	0.82%
ING Salomon Brothers Fundamental Value Portfolio (Service Class) <sup>(7)</sup>	0.90%	--	0.45%	1.35%	--	1.35%
ING T. Rowe Price Diversified Mid Cap Growth Portfolio (Initial Class) <sup>(8)</sup>	0.64%	--	0.02%	0.66%	--	0.66%

<b>Fund Name</b>	<b>Management (Advisory) Fees</b>	<b>12b-1 Fee</b>	<b>Other Expenses</b>	<b>Total Annual Fund Operating Expenses</b>	<b>Fees and Expenses Waived or Reimbursed</b>	<b>Net Annual Fund Operating Expenses</b>
ING T. Rowe Price Growth Equity Portfolio (Initial Class)	0.60%	--	0.15%	0.75%	--	0.75%
ING UBS U.S. Large Cap Equity Portfolio (Initial Class)	0.70%	--	0.15%	0.85%	--	0.85%
ING Van Kampen Comstock Portfolio (Service Class) <sup>(9)</sup>	0.60%	--	0.60%	1.20%	0.07%	1.13%
ING Van Kampen Equity and Income Portfolio (Initial Class) <sup>(8)</sup>	0.55%	--	0.02%	0.57%	--	0.57%
ING VP Balanced Portfolio, Inc. (Class I) <sup>(11)</sup>	0.50%	--	0.09%	0.59%	--	0.59%
ING VP Growth and Income Portfolio (Class I) <sup>(11)</sup>	0.50%	--	0.08%	0.58%	--	0.58%
ING VP Growth Portfolio (Class I) <sup>(11)(12)</sup>	0.60%	--	0.09%	0.69%	--	0.69%
ING VP Index Plus LargeCap Portfolio (Class I) <sup>(11)(12)</sup>	0.35%	--	0.09%	0.44%	--	0.44%
ING VP Index Plus MidCap Portfolio (Class I) <sup>(11)(12)</sup>	0.40%	--	0.09%	0.49%	--	0.49%
ING VP Index Plus SmallCap Portfolio (Class I) <sup>(11)(12)</sup>	0.40%	--	0.09%	0.49%	--	0.49%
ING VP Intermediate Bond Portfolio (Class I) <sup>(11)</sup>	0.40%	--	0.08%	0.48%	--	0.48%
ING VP International Equity Portfolio (Class I) <sup>(11)(12)</sup>	0.85%	--	0.10%	0.95%	(0.20%)	1.15%
ING VP International Value Portfolio (Class I) <sup>(13)(14)</sup>	1.00%	--	0.22%	1.22%	0.22%	1.00%
ING VP MagnaCap Portfolio (Class I) <sup>(13)(14)</sup>	0.75%	--	0.29%	1.04%	0.14%	0.90%
ING VP Money Market Portfolio (Class I) <sup>(11)</sup>	0.25%	--	0.09%	0.34%	--	0.34%
ING VP Small Company Portfolio (Class I) <sup>(11)(12)</sup>	0.75%	--	0.09%	0.84%	--	0.84%
ING VP Strategic Allocation Balanced Portfolio (Class I) <sup>(11)(12)</sup>	0.60%	--	0.10%	0.70%	--	0.70%
ING VP Strategic Allocation Growth Portfolio (Class I) <sup>(11)(12)</sup>	0.60%	--	0.10%	0.70%	--	0.70%
ING VP Strategic Allocation Income Portfolio (Class I) <sup>(11)(12)</sup>	0.60%	--	0.10%	0.70%	0.05%	0.65%
ING VP Value Opportunity Portfolio (Class I) <sup>(11)(12)</sup>	0.60%	--	0.09%	0.69%	--	0.69%
Lord Abnett Series Fund - Growth and Income Portfolio (Class VC)	0.50%	--	0.39%	0.89%	--	0.89%
Lord Abnett Series Fund - Mid-Cap Value Portfolio (Class VC)	0.75%	--	0.42%	1.17%	--	1.17%
Pioneer Equity Income VCT Portfolio (Class I)	0.65%	--	0.07%	0.72%	--	0.72%
Pioneer Fund VCT Portfolio (Class I)	0.65%	--	0.06%	0.71%	--	0.71%
Pioneer Mid Cap Value VCT Portfolio (Class I)	0.65%	--	0.07%	0.72%	--	0.72%

***Footnotes to "Fund Expense Table"***

- (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. These additional payments may also be used by the Company to finance distribution. 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 Fees and Expenses" for additional information.

**Footnotes to "Fund Expense Table" (Continued)**

- (2) In the case of fund companies affiliated with the Company, where the Company or an affiliated investment adviser employs subadvisers to manage the funds, no direct payments are made to the Company or the affiliated investment adviser by the subadvisers. Subadvisers may provide for reimbursement for employees of the Company or its affiliates to attend business meeting or training conferences. The investment management fee shown in the fee table is apportioned between the Company or other affiliated investment adviser and subadviser. This apportionment varies by subadviser, resulting in varying amounts of revenue retained by the investment adviser, including the Company. This apportionment of the investment advisory fee does not increase, directly or indirectly, the fees and expenses shown above. See "Fees - Fund Fees and Expenses" for additional information.
- (3) The Fund's advisor has contractually agreed to waive advisory fees and/or reimburse expenses of Series I shares to the extent necessary to limit Total Annual Fund Operating Expenses (excluding certain items as discussed in the fund's prospectus) of Series I shares to 1.30% of average daily net assets for each series portfolio of AIM Variable Insurance Funds. The expense limitation agreements are in effect through April 30, 2006. Please refer to the fund's prospectus for more detailed information.
- (4) Expenses are based on expenses for the Portfolio's most recent fiscal year ended December 31, 2004. Management fees include the Subadvisory fees paid by the Advisor ("Calvert"), to the Subadvisors, and the administrative fee paid by the Portfolio to Calvert Administrative Services Company, an affiliate of Calvert.
- (5) While the maximum amount payable under the Fund's class rule 12b-1 plan is 0.35% per year of the Fund's class average annual net assets, the Board has set the current rate at 0.25% per year.
- (6) The manager had agreed in advance to reduce its fee to reflect reduced services resulting from the fund's investment in a Franklin Templeton money fund. This reduction is required by the fund's Board of Trustees and an exemptive order by the SEC. The Fund's fiscal year end is April 30.
- (7) Other Expenses include a Shareholder Services fee of 0.25%.
- (8) Effective December 1, 2004, Management (Advisory) Fees were restated to reflect a decrease as follows: from 0.80% to 0.64% for ING American Century Select Portfolio; from 0.85% to 0.64% for ING T. Rowe Price Diversified Mid Cap Growth Portfolio; and from 0.85% to 0.55% for ING Van Kampen Equity and Income Portfolio. Effective December 1, 2004, the administrative fees (included in Other Expenses) were restated to reflect a decrease as follows: from 0.20% to 0.02% for ING American Century Select Portfolio, ING T. Rowe Price Diversified Mid Cap Growth Portfolio and ING Van Kampen Equity and Income Portfolio; and from 0.60% to 0.06% for ING Oppenheimer Global Portfolio.
- (9) Other Expenses include a Shareholder Services fee of 0.25%. The Administrator of the Fund has contractually agreed to waive all or a portion of its administrative services fees and/or reimburse administrative expenses for ING American Century Small Cap Value, ING Baron Small Cap Growth, and ING Van Kampen Comstock Portfolios so that the Net Annual Fund Operating Expenses for these Portfolio shall not exceed 1.55%, 1.45%, and 1.13%, respectively, through May 1, 2006. Without this waiver, the Net Annual Fund Operating Expenses would be 1.65% for ING American Century Small Cap Value, 1.50% for ING Baron Small Cap Growth and 1.20% for ING Van Kampen Comstock Portfolios.
- (10) Based on estimated expenses for the current fiscal year.
- (11) The amounts shown are estimated operating expenses for Class I shares of each Portfolio as a ratio of expenses to average daily net assets. These estimates are based on each Portfolio's actual operating expenses for its most recently completed fiscal year, adjusted for contractual changes, if any, and fee waivers to which ING Investments, LLC, the investment adviser to each Portfolio, has agreed for each Portfolio. ING Funds Services, LLC receives an annual administrative fee (included in Other Expenses) equal to 0.055% on the first \$5 billion of daily net assets and 0.03% thereafter.
- (12) ING Investments, LLC, the investment adviser to each Portfolio, has entered into written expense limitation agreements with each Portfolio under which it will limit expenses of the Portfolios, excluding interest, brokerage and extraordinary expenses, subject to possible recoupment by ING Investments, LLC within three years. The amount of each Portfolio's expenses waived, reimbursed or recouped during the last fiscal year is shown under the heading Fees and Expenses Waived or Reimbursed. Recoupments are shown as negative numbers under Fees and Expenses Waived or Reimbursed. The expense limits will continue through at least May 1, 2006. For further information regarding the expense limitation agreements, see the Fund's prospectus.
- (13) The amounts shown are the estimated operating expenses for Class I shares of each Portfolio as a ratio of expenses to average daily net assets based on each Portfolio's actual operating expenses for its most recently completed fiscal year, as adjusted for contractual changes, if any, and fee waivers to which ING Investments, LLC, the investment adviser to each Portfolio, has agreed for each Portfolio for the current fiscal year.
- (14) ING Funds Services, LLC receives an annual administration fee (included in Other Expenses) equal to 0.10% of each Portfolio's average daily net assets. ING Investments, LLC has entered into a written expense limitation agreement with ING Variable Products Trust under which it will limit expenses of the Portfolios, excluding interest, taxes, brokerage and extraordinary expenses, subject to possible recoupment by ING Investments, LLC within three years. The amount of each Portfolio's expenses waived, reimbursed or recouped during the last fiscal year by ING Investments, LLC is shown under the heading Fees and Expenses Waived or Reimbursed. For each Portfolio, the expense limits will continue through at least May 1, 2006. For further information regarding the expense limitation agreements, see the Fund's prospectus.

## Hypothetical Examples

The following examples are intended to help you compare the costs of investing in the contract with the cost of investing in other variable annuity contracts. For each type of contract, these costs include contract holder transaction expenses, maximum separate account annual expenses, and fund fees and expenses applicable to that type of contract.

**Example 1:** The following examples assume that you invest \$10,000 in the contract and that your investment has a 5% return each year. For the purpose of these examples, we deducted the **maximum** total annual fees and expenses of any of the funds available for each type of contract and the maximum charges under the contract (i.e., a maximum mortality and expense risk charge of 1.25% annually, an administrative expense charge of 0.25% annually, and the guaranteed minimum income charge of 1.00% annually for the first five years, as applicable) and assume you have selected the "nonlifetime-guaranteed payments" income payment option for a 15 year period with a 3½% assumed annual net return rate.

Although your actual costs may be higher or lower, based on these assumptions, your costs would be:

	(A) If you withdraw your remaining guaranteed payments at the end of the periods shown, you would pay the following fees, including any applicable early withdrawal charge:				(B) If you do not withdraw your remaining guaranteed payments, you would pay the following fees at the end of the periods shown (no early withdrawal charge is reflected):			
	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Applicable to contracts <i>without</i> the guaranteed minimum income feature	\$923	\$1,372	\$1,826	\$3,322	\$317	\$959	\$1,616	\$3,322
Applicable to contracts <i>with</i> the five-year guaranteed minimum income feature	\$978	\$1,537	\$2,100	\$3,355	\$376	\$1,132	\$1,895	\$3,355

**Example 2:** The following examples assume that you invest \$10,000 in the contract and that your investment has a 5% return each year. For the purpose of these examples, we deducted the **minimum** total annual fees and expenses of any of the funds available for each type of contract and the maximum charges under the contract (i.e., a maximum mortality and expense risk charge of 1.25% annually, an administrative expense charge of 0.25% annually, and the guaranteed minimum income charge of 1.00% annually for the first five years, as applicable) and assume you have selected the "nonlifetime-guaranteed payments" income payment option for a 15 year period with a 3½% assumed annual net return rate.

Although your actual costs may be higher or lower, based on these assumptions, your costs would be:

	(A) If you withdraw your remaining guaranteed payments at the end of the periods shown, you would pay the following fees, including any applicable early withdrawal charge:				(B) If you do not withdraw your remaining guaranteed payments, you would pay the following fees at the end of the periods shown (no early withdrawal charge is reflected):			
	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Applicable to contracts <i>without</i> the guaranteed minimum income feature	\$800	\$1,000	\$1,199	\$2,072	\$186	\$571	\$975	\$2,072
Applicable to contracts <i>with</i> the five-year guaranteed minimum income feature	\$894	\$1,285	\$1,682	\$2,513	\$286	\$869	\$1,468	\$2,513

## Condensed Financial Information

---

**Understanding Condensed Financial Information.** In Appendix IV of this prospectus, we provide condensed financial information about the Variable Annuity Account C (the separate account) subaccounts you may invest in through the contract. The numbers show the year-end unit values of each subaccount from the time purchase payments were first received in the subaccount under the contract.

## Purchase

---

**Contracts Available for Purchase.** The contract is designed for persons who would like to receive regular income payments from an annuity contract. The contracts are available as internal exchanges from certain existing annuity contracts issued by the Company or certain of its affiliates, and to any participants in a retirement plan where the plan sponsor has purchased a group master contract (whether or not connected with an internal exchange). It is available as either a nonqualified contract or as a qualified contract for use with a traditional IRA under section 408(b) of the Tax Code or with retirement plans qualifying under Tax Code sections 401, 403(b) or 457. Contracts sold in New York are not available to 457 plans. Availability as a group contract is subject to state approval. We reserve the right to limit purchase of an individual nonqualified contract to natural persons.

**ERISA Notification.** We must be notified by the employer or plan trustee if the contract is offered in connection with a 403(b) or 401 plan that is subject to Title I of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

**How to Purchase.** You may purchase the contract by submitting your purchase payment and the required application or enrollment forms to us.

**Purchase Payment Amount.** To purchase a contract you must make one payment of at least \$10,000. After your initial payment, no additional purchase payments may be made. We reserve the right to lower the minimum required payment, to establish a maximum payment amount and to reject any payment exceeding the maximum.

**Acceptance or Rejection.** We must accept or reject your application or enrollment materials within two business days of receipt. If the forms are incomplete, we may hold any forms and accompanying purchase payment for five business days pending completion. In all cases, we may hold a purchase payment for longer periods with your permission. If we reject your application or enrollment, we will return the forms and any purchase payment.

We may also refuse to accept certain forms of premium payments, if applicable, (traveler's checks, for example) or restrict the amount of certain forms of premium payments (money orders totaling more than \$5,000, for example). In addition, we may require information as to why a particular form of payment was used (third party checks, for example) and the source of the funds of such payment in order to determine whether or not we will accept it. Use of an unacceptable form of payment may result in us returning your premium payment and not issuing the contract.

**Age Requirements.** The maximum issue age is between 80 and 95, depending upon the income payment option and features selected. We reserve the right to modify the maximum issue age.

**Allocation of Your Purchase Payment to the Investment Options.** We will allocate your purchase payment, less any applicable premium taxes, among the investment options you select. You may select up to eighteen of the available variable investment options at any one time. You may also select the fixed dollar option and allocate all or a portion of your purchase payment to the general account. See "Investment Options." Allocations must be in whole percentages. Any purchase payment received before we accept the application or enrollment materials will be invested as of the day we do accept them.

**Factors to Consider in the Purchase Decision.** The decision to purchase or participate in the contract should be discussed with your financial representative, making sure that you understand the investment options it provides, its other features, the risk and potential benefits you will face, and the fees and expenses you will incur. You should pay attention the following issues, among others:

1. Long-Term Investment - This contract is a long-term investment, and is typically most useful as part of a personal retirement plan. Early withdrawals may be restricted by the Tax Code or your plan or may expose you to early withdrawal charges or tax penalties. The value of deferred taxation on earnings grows with the amount of time funds are left in the contract. You should not participate in this contract if you are looking for a short-term investment or expect to need to make withdrawals before you are 59½.
2. Investment Risk - The value of investment options available under this contract may fluctuate with the markets and interest rates. You should not participate in this contract in order to invest in these options if you cannot risk getting back less money than you put in.
3. Features and Fees - The fees for this contract reflect costs associated with the features and benefits it provides. As you consider this contract, you should determine the value that these various benefits and features have for you, given your particular circumstances, and consider the charges for those features.
4. Exchanges - If this contract will be a replacement for another annuity contract or mutual fund option under the plan, you should compare the two options carefully, compare the costs associated with each, and identify additional benefits available under this contract. You should consider whether these additional benefits justify incurring a new schedule of early withdrawal charges or any increased charges that might apply under this contract. Also, be sure to talk to your financial professional or tax adviser to make sure that the exchange will be handled so that it is tax-free.

**Other Products.** We and our affiliates offer various other products with different features and terms than these contracts that may offer some or all of the same funds. These products have different benefits, fees and charges, and may offer different share classes of the funds offered in this contract that are less expensive. These other products may or may not better match your needs. You should be aware that there are alternative options available, and, if you are interested in learning more about these other products, contact your registered representative. These alternative options may not be available under your plan.

## Right to Cancel

---

**When and How to Cancel.** The contract holder may cancel the contract within ten days of receipt (some states require more than ten days) by returning it, or the document showing your participation under a group contract, to our Customer Service Center along with a written notice of cancellation. For contracts issued in connection with 401 or 457 plans, the contract holder may follow these procedures on behalf of the participant.

**Refunds.** On the day we receive the request for cancellation in good order, we will calculate your contract value. Your refund will equal that value and will reflect deduction of any income payments made. This amount may be more or less than your purchase payment. In certain states (or if you have purchased the contract as an IRA), we may be required to return your entire purchase payment. We will issue your refund within seven calendar days of our receipt of your request in good order.

## Income Payments

---

Under the contract, we will make regular income payments to you or to a payee you designate in writing.

**Initiating Payments.** To initiate income payments, you must make the following selections on your application or enrollment form:

- Payment start date;
- Payment frequency (i.e., monthly, quarterly, semi-annually or annually);
- Income payment option and any special features, such as a right to withdraw or the Five-Year Guaranteed Minimum Income Feature;
- Fixed, variable or a combination of both fixed and variable payments;
- The subaccounts to allocate your purchase payment among (only if variable payments are elected); and
- An assumed annual net return rate (only if variable payments are elected).

Your sales representative can help you consider what selections may be appropriate for your financial goals. Generally, your selections may not be changed after the contract is issued. Some changes, such as transfers among subaccounts, may be allowed. Payments need to conform to minimum distribution requirements if applicable.

**What Affects Income Payment Amounts?** Some of the factors that may affect the amount of your income payments include your age, gender, the amount of your purchase payment, the income payment option selected, the number of guaranteed income payments selected (if any), whether you select fixed, variable or a combination of both fixed and variable payments, and, for variable payments, the assumed annual net return rate selected.

**Payment Due Dates.** You will generally receive your first income payment on the last day of the selected payment period. For example, if you elect to receive one payment a year, we will make the payment on the day before the anniversary of the contract effective date. An alternative first payment date may be elected subject to our approval and in compliance with IRS regulations.

**Minimum Payment Amounts.** For all payment options, the initial income payment must be at least \$50 per month, or total yearly payments of at least \$250.

### Terms to understand:

**Annuitant(s):** The person(s) whose life or life expectancy(ies) determines the amount or continuation of lifetime income payments or whose death results in payment of death benefits.

**Beneficiary(ies):** The person(s) or entity(ies) entitled to receive a death benefit under the contract.



**Assumed Annual Net Return Rate.** If you select variable income payments, you must also select an assumed annual net return rate of either 5% or 3½%.

If you select a 5% rate, your first income payment will be higher, but subsequent payments will increase only if the investment performance of the subaccounts you selected is greater than 5% annually, after deduction of fees. Payment amounts will decline if the investment performance is less than 5%, after deduction of fees.

If you select a 3½% rate, your first income payment will be lower, but subsequent payments will increase more rapidly and decline more slowly depending upon the investment performance of the subaccounts you selected.

For more information about selecting an assumed annual net return rate, call us for a copy of the SAI. See "Contract Overview-Questions: Contacting the Company."

**Five-Year Guaranteed Minimum Income Feature.** If you select this feature, we guarantee that during the first five contract years your variable payment will never be less than the guaranteed minimum payment amount shown in the contract. The guaranteed minimum payment amount equals 90% of your estimated initial payment.

*Estimated Initial Payment Amount.* On the date we issue the contract we estimate the amount of your initial payment based on the value of the annuity units your payment purchases on that date. See "Calculating Variable Income Payments-Annuity Units." Your guaranteed minimum payment amount equals 90% of this estimated amount.

This feature requires that you select at issue:

- A lifetime payment option or a nonlifetime payment option of 15 years or more
- The ability to make withdrawals
- 100% variable payments
- Funds from the following list:

AIM V.I. Core Equity Fund (Series I)  
Calvert Social Balanced Portfolio  
Fidelity® VIP Equity-Income Portfolio (Initial Class)  
ING Fundamental Research Portfolio (Service Class)  
ING OpCap Balanced Value Portfolio (Service Class)  
ING Oppenheimer Strategic Income Portfolio (Initial Class)  
ING PIMCO Total Return Portfolio (Service Class)  
ING American Century Large Company Value Portfolio (Service Class)  
ING UBS U.S. Large Cap Equity Portfolio (Initial Class)  
ING Van Kampen Comstock Portfolio (Service Class)  
ING Van Kampen Equity and Income Portfolio (Initial Class)  
ING VP Balanced Portfolio, Inc. (Class I)  
ING VP Growth and Income Portfolio (Class I)  
ING VP Index Plus LargeCap Portfolio (Class I)  
ING VP Intermediate Bond Portfolio (Class I)  
ING VP Money Market Portfolio (Class I)  
ING VP Strategic Allocation Balanced Portfolio (Class I)  
ING VP Strategic Allocation Growth Portfolio (Class I)  
ING VP Strategic Allocation Income Portfolio (Class I)  
Lord Abbett Series - Growth and Income Portfolio (Class VC)  
Pioneer Equity Income VCT Portfolio (Class I)  
Pioneer Fund VCT Portfolio (Class I)

If you select this feature you may transfer only between these available funds

- 3.5% assumed annual net return rate

Certain age restrictions may also apply.



**Five-Year Guaranteed Minimum Income Feature (continued)**

If you select this feature, any withdrawal during the first five contract years will result in a proportionate reduction in your guaranteed minimum payment amount.

In addition to other contract charges, if you select this feature, the guaranteed minimum income charge will apply for the first five contract years. See "Fees."

**Start Date.** The contract is designed to be viewed as an immediate annuity contract under the Tax Code. For nonqualified contracts you may elect to delay your income payment start date for up to 12 months following purchase of the contract. See "Taxation" for rules applicable where death occurs before the annuity starting date under a nonqualified annuity. Consult a tax adviser before electing a delay. Annuity payments under a qualified contract must meet the required beginning date applicable to your plan.

**Taxation.** The Tax Code has rules regarding income payments. For example, for qualified contracts, guaranteed payments may not extend beyond (a) the estimated life expectancy of the annuitant or (b) the joint life expectancies of the annuitant and beneficiary. Payments must comply with the minimum distribution requirements of Tax Code section 401(a)(9). In some cases tax penalties will apply if rules are not followed. For tax rules that may apply to the contract see "Taxation."

## Payment Options

The following table lists the income payment options and their accompanying death benefits and rights to withdraw. See "Death Benefit," "Withdrawals," and Appendix I for additional detail. We may offer additional income payment options under the contract from time to time.

Lifetime Payment Options	
Life Income	<p><b>Length of Payments:</b> For as long as the annuitant lives. It is possible that no payment will be made if the annuitant dies prior to the first payment's due date.</p> <p><b>Death Benefit-None:</b> All payments end upon the annuitant's death.</p> <p><b>Right to Withdraw-None.</b></p>
Life Income - Guaranteed Payments	<p><b>Length of Payments:</b> For as long as the annuitant lives, with payments guaranteed for your choice of 5-50 years* (or other periods we may make available at the time you select this option).</p> <p><b>Death Benefit-Payment to the Beneficiary:</b> If the annuitant dies before we have made all the guaranteed payments, payments will continue to the beneficiary.</p> <p><b>Right to Withdraw:</b> At the time of purchase, you may elect the right to withdraw all or a portion of any remaining guaranteed payments (some restrictions apply, see "Withdrawals").</p>
Life Income - Two Lives	<p><b>Length of Payments:</b> For as long as either annuitant lives. It is possible that no payment will be made if both the annuitant and joint annuitant die before the first payment's due date.</p> <p><b>Continuing Payments:</b> When you select this option you will also choose either:</p> <ul style="list-style-type: none"> <li>(a) Full or reduced payments to continue to the surviving annuitant after the first annuitant's death; or</li> <li>(b) 100% of the payment to continue to the annuitant on the joint annuitant's death, and a reduced payment to continue to the joint annuitant on the annuitant's death.</li> </ul> <p>In either case, payments cease upon the death of the surviving annuitant.</p> <p>Any reduction in payment will result in a corresponding reduction to the amount of the guaranteed minimum income payment, if applicable.</p> <p><b>Death Benefit-None:</b> All payments end upon the death of both annuitants.</p> <p><b>Right to Withdraw-None.</b></p>
Life Income - Two Lives - Guaranteed Payments	<p><b>Length of Payments:</b> For as long as either annuitant lives, with payments guaranteed for your choice of 5-50 years* (or other periods we may make available at the time you select this option.)</p> <p><b>Continuing Payments:</b> 100% of the payment will continue to the surviving annuitant after the first annuitant's death.</p> <p><b>Death Benefit-Payment to the Beneficiary:</b> If both annuitants die before the guaranteed payments have all been paid, payments will continue to the beneficiary.</p> <p><b>Right to Withdraw:</b> At the time of purchase, you may elect the right to withdraw all or a portion of any remaining guaranteed payments (some restrictions apply, see "Withdrawals").</p>
Nonlifetime Payment Option	
Nonlifetime - Guaranteed Payments	<p><b>Length of Payments:</b> Payments will continue for your choice of 5-50 years* (or other periods we may make available at the time you select this option).</p> <p><b>Death Benefit - Payment to the Beneficiary:</b> If the annuitant dies before we make all the guaranteed payments, payments will continue to the beneficiary.</p> <p><b>Right to Withdraw:</b></p> <ul style="list-style-type: none"> <li>(a) If you are receiving variable income payments you may withdraw all or a portion of any remaining guaranteed payments at any time.</li> <li>(b) If you elect to receive fixed income payments at the time of purchase, you may elect the right to withdraw all or a portion of any remaining guaranteed payments (some restrictions apply, see "Withdrawals").</li> </ul>

\* For qualified contracts a guaranteed payment period may not extend beyond your life expectancy or age 100 whichever is earlier.

### ***Right to Change Guaranteed Payment Period***

If you are receiving payments under a nonlifetime payment option, you may shorten or lengthen the period for which the guaranteed payments will be made or change to a lifetime payment option, subject to the following:

- (a) You may make the change on any contract anniversary beginning on the second contract anniversary;
- (b) Any change request must be in writing and received by us in good order within 30 days prior to the contract anniversary;
- (c) A guaranteed payment period may be shortened to a period not less than 10 years from the contract effective date;
- (d) For nonqualified contracts, a guaranteed payment period may be lengthened to a period not greater than 50 years from the contract effective date or age 100, whichever is earlier;
- (e) For qualified contracts, a guaranteed payment period may not extend beyond your life expectancy or age 100, whichever is earlier;
- (f) The withdrawal value on the contract anniversary of the change will be used to determine the amount of the new annuity payments. See "Withdrawals - Withdrawal Value;" and
- (g) We will terminate your withdrawal rights if a life annuity option is chosen.

For both fixed and variable payments, the right to change a payment period is available. The right to change a payment period may not be available in all states. Certain other conditions and restrictions may apply.

A change to a lifetime payment option and any change in the guaranteed payment period may have an impact on the amount of each payment and the amount of each payment that is taxable. For advice about how any such change will affect your taxes, consult your tax adviser.

### **Calculating Variable Income Payments**

---

The amount of any variable income payment is determined by multiplying the number of annuity units that you hold by an annuity unit value (AUV) for each unit.

**Annuity Units.** When you select variable income payments, your initial purchase payment purchases annuity units of the Variable Annuity Account C subaccounts corresponding to the funds you select. The number of units purchased is based on your purchase payment amount and the value of each unit on the day the purchase payment is invested. Generally, the number of units will not vary over the life of the contract, but the value of each unit will vary daily based on the performance of the underlying fund and deduction of fees. Some events may result in a change in the number of units, including withdrawals, death of an annuitant if a reduction in payment to a surviving annuitant was selected, transfers among subaccounts, or a change in a guaranteed payment period. While the number of units may change if you transfer among subaccounts or make a change in a guaranteed payment period, the current value of your contract will not change as a result of either of these events.

**Annuity Unit Value (AUV).** The value of each annuity unit in a subaccount is called the annuity unit value or AUV. The AUV varies daily in relation to the underlying fund's investment performance. The value also reflects daily deductions for fund fees and expenses, the mortality and expense risk charge, the administrative expense charge (if any) and the guaranteed minimum income charge (if applicable). We discuss these deductions in more detail in "Fee Table" and "Fees."

**Valuation.** We determine the AUV every normal business day after the close of the New York Stock Exchange (normally at 4:00 p.m. Eastern Time). At that time we calculate the current AUV by multiplying the AUV last calculated by the net return factor of the subaccount, and by a factor to reflect the assumed annual net return rate. The net return factor measures the investment performance of the subaccount from one valuation to the next. The assumed annual net return rate will be either 3½% or 5% as you selected.

$$\text{Current AUV} = \text{Prior AUV} \times \text{Net Return Factor} \times \text{Assumed Annual Net Return Rate Factor}$$

**Net Return Factor.** The net return factor for a subaccount between two consecutive valuations equals the sum of 1.0000 plus the net return rate.

The net return rate is computed according to a formula that is equivalent to the following:

- The net assets of the fund held by the subaccount as of the current valuation; minus
- The net assets of the fund held by the subaccount at the preceding valuation; plus or minus
- Taxes or provisions for taxes, if any, due to subaccount operations (with any federal income tax liability offset by foreign tax credits to the extent allowed); divided by
- The total value of the subaccount's units at the preceding valuation; minus
- A daily deduction for the mortality and expense risk charge, the administrative expense charge (if any) and the guaranteed minimum income charge (if applicable). See "Fees."

The net return rate may be either positive or negative.

## Investment Options

---

When you purchase the contract, your purchase payment (less any applicable premium tax) will be applied to the investment options you select. If you select variable investment options, you will receive variable income payments. If you select the fixed dollar option, you will receive fixed income payments. If you select one or more variable investment options and the fixed dollar option, a portion of your payment will vary and a portion will remain fixed.

**Variable Income Payments.** If you select variable income payments, the amount of your income payments will vary based on the performance of the variable investment options that you select. These options are called subaccounts. The subaccounts are within Variable Annuity Account C (the separate account), a separate account of the Company. Each subaccount invests in a specific mutual fund (fund). You do not invest directly in or hold shares of the funds.

- **Mutual Fund (fund) Descriptions.** We provide brief descriptions of the funds in Appendix II. Investment results of the funds are likely to differ significantly and there is no assurance that any of the funds will achieve their respective investment objectives. Shares of the funds will rise and fall in value and you could lose money by investing in the funds. Shares of the funds are not bank deposits and are not guaranteed, endorsed or insured by any financial institution, the Federal Deposit Insurance Corporation or any other government agency. Unless otherwise noted, all funds are diversified as defined under the Investment Company Act of 1940. Please refer to the fund prospectuses for additional information. Fund prospectuses may be obtained, free of charge, from our Customer Service Center at the address and telephone number listed in "Contract Overview-Questions: Contacting the Company," by accessing the SEC's website or by contacting the SEC Public Reference Room.

**Fixed Income Payments.** If you select fixed payments, your purchase payment will be applied to the fixed dollar option and the amount of your payments will not vary. Except where noted, this prospectus describes only the variable investment options. The fixed dollar option is described in Appendix I.

**Number of Options You May Select.** You may select up to eighteen subaccounts and/or the fixed dollar option at any one time.

### ***Selecting Investment Options***

- **Choose options appropriate for you.** Your sales representative can help you evaluate which investment options may be appropriate for your financial goals.
- **Understand the risks associated with the options you choose.** Some subaccounts invest in funds that are considered riskier than others. Funds with additional risks are expected to have values that rise and fall more rapidly and to a greater degree than other funds. For example, funds investing in foreign or international securities are subject to risks not associated with domestic investments, and their investment performance may vary accordingly. Also, funds using derivatives in their investment strategy may be subject to additional risks.
- **Be informed.** Read this prospectus, the fund prospectuses and the Fixed Dollar Option appendix in this prospectus.

### ***Additional Risks of Investing in the Funds (Mixed and Shared Funding)***

"Mixed funding" occurs when shares of a fund, which the subaccounts buy for variable annuity contracts, are bought for variable life insurance contracts issued by us or other insurance companies.

"Shared funding" occurs when shares of a fund, which the subaccounts buy for variable annuity contracts, are also bought by other insurance companies for their variable annuity contracts.

- ▷ Mixed - bought for annuities and life insurance.
- ▷ Shared - bought by more than one company.

It is possible that a conflict of interest may arise due to mixed and/or shared funding, which could adversely impact the value of a fund. For example, if a conflict of interest occurred and one of the subaccounts withdrew its investment in a fund, the fund may be forced to sell its securities at disadvantageous prices, causing its share value to decrease. Each fund's board of directors or trustees will monitor events to identify any conflicts which may arise and to determine what action, if any, should be taken to address such conflicts.

**Limits on Availability of Options.** Some funds may be unavailable through your contract or plan or in some states. We may add, withdraw or substitute funds, subject to the conditions in your contract and in compliance with regulatory requirements. In the case of a substitution, the new fund may have different fees and charges than the fund it replaced.

**Limits Imposed by the Underlying Fund.** Orders for the purchase of fund shares may be subject to acceptance or rejection by the fund. We reserve the right to reject, without prior notice, any allocation of a purchase payment to a subaccount if the subaccount's investment in its corresponding fund is not accepted by the fund for any reason.

**Transfers Among Variable Investment Options.** You may transfer amounts among the available subaccounts. The Company reserves the right to limit such transfers to 12 in any calendar year and to establish a minimum transfer amount. Transfers are not allowed into or out of the fixed dollar option.

**Transfer Requests.** Requests may be made, after the contract is issued, in writing, by telephone or, where applicable, electronically.

**Limits on Frequent or Disruptive Transfers.** The contract is not designed to serve as a vehicle for frequent trading. Frequent trading can disrupt management of a fund and raise its expenses through: 1) increased trading and transaction costs; 2) forced and unplanned portfolio turnover; 3) lost opportunity costs; and 4) large asset swings that decrease the fund's ability to provide maximum investment return to all contract holders and participants. This in turn can have an adverse effect on fund performance. Accordingly, individuals or organizations that use market-timing investment strategies and make frequent transfers should not purchase the contract.

We monitor transfer activity. With regard to frequent transfers, in the event that an individual's or organization's transfer activity:

- (1) exceeds our then-current monitoring standard for frequent trading;
- (2) is identified as problematic by an underlying fund even if the activity does not exceed our monitoring standard for frequent trading; or
- (3) if we determine in our sole discretion that such transfer activity may not be in the best interests of other contract holders or participants,

we will take the following actions to deter such transfer activity. Upon the first violation, we will send a one time warning letter. A second violation will result in the suspension of trading privileges via facsimile, telephone, email and internet, and limit trading privileges to submission by regular U.S. mail for a period of six months. At the end of that period, trading privileges will be reinstated. If there is another violation after such rights are reinstated, we will suspend such privileges permanently. We will notify you in writing if we take any of these actions.

Additionally, if such transfer activity is initiated by a market-timing organization or individual or other party authorized to give transfer instructions on behalf of multiple contract owners or participants, we will also take the following actions, without prior notice: (1) not accepting transfer instructions from an agent acting on behalf of more than one contract holder or participant; and (2) not accepting preauthorized transfer forms from market timers or other entities acting on behalf of more than one contract holder or participant at a time.

Our current definition of frequent trading is more than one purchase and sale of the same underlying fund within a 30-day period. We do not count transfers associated with scheduled dollar cost averaging or automatic rebalancing programs and transfers involving certain de minimis amounts when determining whether trading activity is excessive. We reserve the right to modify our general standard, or the standard as it may apply to a particular fund, at any time without prior notice, depending on, among other factors, the needs of the underlying fund(s), the best interests of contract holders, participants and fund investors and/or state or federal regulatory requirements. If we modify such standard, it will be applied uniformly to all contract holders and participants or, as applicable, to all contract holders and participants investing in the underlying fund.

In addition, if, due to the excessive dollar amounts of trades, even though not within our then current definition of frequent trading, an individual's or organization's transfer activity is determined, in our sole discretion, to be disruptive, we will take the same actions as are described above to limit frequent transfers.

The Company does not allow waivers to the above policy. Our excessive trading policy may not be completely successful in preventing market timing or excessive trading activity. If it is not completely successful, fund performance and management may be adversely affected, as noted above.

**Limits Imposed by the Funds.** Orders for the purchase of fund shares may be subject to acceptance or rejection by the underlying fund. We reserve the right to reject, without prior notice, any allocation of a premium payment to a sub-account if the sub-account's investment in its corresponding fund is not accepted by the fund for any reason.

**Telephone and Electronic Transactions: Security Measures.** To prevent fraudulent use of telephone and electronic transactions (including, but not limited to, Internet transactions), we have established security procedures. These include recording calls on our toll-free telephone lines and requiring use of a personal identification number (PIN) to execute transactions. You are responsible for keeping your PIN and account information confidential. If we fail to follow reasonable security procedures, we may be liable for losses due to unauthorized or fraudulent telephone or other electronic transactions. We are not liable for losses resulting from telephone or electronic instructions we believe to be genuine. If a loss occurs when we rely on such instructions, you will bear the loss.



## Fees

The following repeats and adds to information provided under "Fee Table." Please review both sections for information on fees.

### Transaction Fees

#### Early Withdrawal Charge

Withdrawals of all or a portion of the present value of remaining guaranteed income payments may be subject to an early withdrawal charge. In the case of a partial withdrawal, the amount withdrawn from your account will be the amount you specified plus adjustment for any applicable early withdrawal charge. Not all contracts permit withdrawals. See "Withdrawals."

**Amount:** The charge is a percentage of the present value of any remaining guaranteed payments that you withdraw. The percentage will be determined by the early withdrawal charge schedule applicable to your contract. Although the maximum early withdrawal charge is 7% of the remaining guaranteed payments withdrawn, the total early withdrawal charge will never be more than 8½% of your purchase payment to the contract.

Early Withdrawal Charge Schedule:

Number of Years from Contract Effective Date*	Early Withdrawal Charge
Fewer than 1**	7%
1 or more but fewer than 2	6%
2 or more but fewer than 3	5%
3 or more but fewer than 4	4%
4 or more but fewer than 5	3%
5 or more but fewer than 6	2%
6 or more but fewer than 7	1%
7 or more	0%

\* For participants under a group contract, the early withdrawal charge will be calculated based on the number of years from the certificate effective date. For amounts transferred into this contract as an internal exchange, see "Internal Exchanges" below.

\*\*Certain contracts do not allow withdrawals during the first contract year.

**When/How.** At the time of withdrawal we deduct this charge from the amount withdrawn.

**Purpose.** This is a deferred sales charge. It reimburses us for some of the sales and administrative expenses associated with the contract. If our expenses are greater than the amount we collect for the early withdrawal charge, we may use any of our corporate assets, including potential profit that may arise from the mortality and expense risk charge, to make up any difference.

**Internal Exchanges.** In the case of amounts transferred from a prior contract issued by the Company or certain of its affiliates, the "Number of Years from Contract Effective Date" is calculated from the date of the first premium payment made under the individual's account under the prior contract or if earlier, the effective date of the individual's account under the prior contract.

### Types of Fees

There are four types of fees and deductions associated with the contract that may affect the amount of your variable income payments. For fees applicable to fixed payments see Appendix I.

- Transaction Fees
  - Early Withdrawal Charge
  - Redemption Fees
- Fees Deducted from Investments in the Separate Account
  - Mortality and Expense Risk Charge
  - Administrative Expense Charge
  - Five-Year Guaranteed Minimum Income Charge
- Reduction or Elimination of Certain Fees
- Fund Fees and Expenses
- Premium and Other Taxes

## ***Redemption Fees***

If applicable, we may deduct the amount of any redemption fees imposed by the underlying mutual funds as a result to withdrawals, transfers or other fund transactions you initiate. Redemption fees, if any are separate and distinct from any transaction charges or other charges deducted from your account value.

## ***Fees Deducted from Investments in the Separate Account***

### **Mortality and Expense Risk Charge**

**Maximum Amount:** 1.25% annually of values invested in the subaccounts. We currently charge 0.95% annually.

**When/How.** We deduct this charge daily from the subaccounts corresponding to the funds you select.

**Purpose.** This charge compensates us for the mortality and expense risks we assume under the contract.

- The mortality risks are those risks associated with our promise to make lifetime income payments based on annuity rates specified in the contract.
- The expense risk is the risk that the actual expenses we incur under the contract will exceed the maximum costs that we can charge.

If the amount we deduct for this charge is not enough to cover our mortality costs and expenses under the contract, we will bear the loss. We may use any excess to recover distribution costs relating to the contract and as a source of profit. We expect to make a profit from this charge.

### **Administrative Expense Charge**

**Maximum Amount:** We currently do not charge an administrative expense charge. We reserve, however, the right to charge up to 0.25% annually of values invested in the subaccounts.

**When/How.** If imposed, we deduct this charge daily from the subaccounts corresponding to the funds you select.

**Purpose.** This charge helps defray our administrative expenses. This charge is not intended to exceed the average expected cost of administering the contract. We do not expect to make a profit from this charge.

### **Five-Year Guaranteed Minimum Income Charge**

This additional charge is assessed only if you select one of the guaranteed minimum income features.

**Amount:** 1.00% annually of values invested in the subaccounts until the five-year guarantee period has ended.

**When/How.** We deduct this charge daily from the subaccounts corresponding to the funds you select. This charge will be assessed only during the first five contract years.

**Purpose.** This charge compensates us for the additional mortality and expense risks we assume by guaranteeing minimum income payments. For additional information regarding those risks, see "Mortality and Expense Risk Charge-Purpose" in this section.

## ***Reduction or Elimination of Certain Fees***

When sales of the contract are made to individuals or a group of individuals in a manner that results in savings of sales or administration expenses, we may reduce or eliminate the early withdrawal charge or mortality and expense risk charge. Our decision to reduce or eliminate either of these charges will be based on one or more of the following:

- The size and type of group of individuals to whom the contract is issued;

- A prior or existing relationship with the Company, such as being an employee or former employee of the Company or one of its affiliates, receiving distributions or making transfers from other contracts or arrangements offered by us or one of our affiliates, or transferring amounts held under qualified plans sponsored by the Company or an affiliate; or
- The type and frequency of administrative and sales services to be provided.

The reduction or elimination of any of these charges will not be unfairly discriminatory against any person and will be done according to our rules in effect at the time the contract is issued. We reserve the right to change these rules from time to time. The right to reduce or eliminate any of these charges may be subject to state approval.

### ***Fund Fees and Expenses***

As shown in the Fund Expense Table which begins on page 8 of this prospectus, each fund deducts management fees from the amounts allocated to the fund. In addition, each fund deducts other expenses which may include service fees that may be used to compensate service providers, including the Company and its affiliates, for administrative and contract owner or participant services provided on behalf of the fund. Furthermore, certain funds deduct a distribution or 12b-1 fee, which is used to finance any activity that is primarily intended to result in the sale of fund shares. **For a more complete description of the funds' fees and expenses, review each fund's prospectus.**

The Company or its U.S. affiliates receive varying levels of revenue from each of the funds available through the contract. In terms of total dollar amounts received, the greatest amount of revenue generally comes from assets allocated to funds managed by the Company or other Company affiliates (including but not limited to ING Investments, LLC and Directed Services, Inc.), which funds may or may not also be subadvised by a Company affiliate. Assets allocated to funds managed by the Company or a Company affiliate but subadvised by unaffiliated third parties generally generate the next greatest amount of revenue. Finally, assets allocated to unaffiliated funds generally generate the least amount of revenue.

### **Types of Revenue Received from Affiliated Funds**

Affiliated funds are (a) funds managed by the Company, ING Investments, LLC, Directed Services, Inc. or other Company affiliates, which may or may not also be subadvised by another Company affiliate; and (b) funds managed by the Company or a Company affiliate but which are subadvised by unaffiliated third parties.

Revenues received by the Company from affiliated funds include:

- For those funds which the Company serves as investment adviser, a share of the management fee deducted from fund assets and included within the "Management (Advisory) Fees" column of the Fund Expense Table that begins on page 8 of this prospectus;
- Service fees that are deducted from fund assets and included within the "Other Expenses" column of the Fund Expense Table; and
- For certain share classes, the Company or its affiliates may also receive compensation paid out of 12b-1 fees that are deducted from fund assets and disclosed in the "12b-1 Fees" column of the Fund Expense Table.

Additionally, the Company receives other revenues from affiliated funds which may be based either on an annual percentage of average net assets held in the fund by the Company or a percentage of the management fees shown in the Fund Expense Table. These revenues may be received as cash payments or according to a variety of financial accounting techniques which are used to allocate revenue and profits across the organization. In the case of affiliated funds subadvised by unaffiliated third parties, any sharing of the management fee between the Company and the affiliated investment adviser is based on the amount of such fee remaining after the subadvisory fee has been paid to the unaffiliated subadviser. Because subadvisory fees vary by subadviser, varying amounts of revenue are retained by the affiliated investment adviser and ultimately shared with the Company.

## **Types of Revenue Received from Unaffiliated Funds**

Revenues received from each of the unaffiliated funds or their affiliates is based on an annual percentage of the average net assets held in that fund by the Company. Some unaffiliated funds or their affiliates pay us more than others and some of the amounts we receive may be significant.

Revenues received by the Company and its affiliates from unaffiliated funds include:

- For certain funds, compensation paid from 12b-1 fees or service fees that are deducted from fund assets. Any such fees deducted from fund assets are disclosed in the Fund Expense Table; and
- Additional payments for administrative, recordkeeping or other services which we provide to the funds or their affiliates or as an incentive for us to make the funds available through the contract. These additional payments are not disclosed in the Fund Expense Table and do not increase directly or indirectly the fees and expenses shown in the Fund Expense Table. These additional payments may be used by us to finance distribution of the contract.

The following table shows the 6 unaffiliated fund families and/or investment management groups which have funds currently offered through the contract, ranked according to the total amount they paid to the Company or its affiliates in 2004, in connection with the registered variable annuity contracts issued by the Company:

- (1) Fidelity Investments
- (2) AIM Investments
- (3) Lord Abbett Funds
- (4) Calvert Funds
- (5) Franklin Templeton Investments
- (6) Pioneer Investments

If the revenues received from affiliated funds were included in the table above, payments from ING Investments, LLC and other Company affiliates would be at the top of the list.

Please note certain management personnel and other employees of the Company or its affiliates may receive a portion of their total employment compensation based on the amount of net assets allocated to affiliated funds.

### ***Premium and Other Taxes***

**Maximum Amount.** Some states and municipalities charge a premium tax on annuities. These taxes currently range from 0% to 4%, depending upon the jurisdiction.

**When/How.** Our current practice is to reflect the cost of premium taxes in our income payment rates. We reserve the right, however, to deduct a charge for premium taxes from your purchase payment on the contract effective date. We will not deduct a charge for any municipal premium tax of 1% or less, but we reserve the right to reflect such an expense in our annuity purchase rates.

In addition, we reserve the right to assess a charge for any federal taxes due against the separate account. See "Taxation."

## Death Benefit

---

The following describes the death benefit applicable to variable income payments. These are also outlined under "Income Payments-Payment Options." For information on the death benefit applicable to the fixed dollar option, refer to Appendix I.

See "Income Payments" for a definition of annuitant and beneficiary as used in this section.

**Payment of Death Benefit.** Upon the death of the annuitant and any surviving joint annuitant, if applicable, a death benefit may be payable if your contract is issued under any of the following income payment options:

- (1) Life Income - Guaranteed Payments;
- (2) Life Income - Two Lives - Guaranteed Payments; or
- (3) Nonlifetime - Guaranteed Payments.

Any death benefit will be paid in the form specified in the contract and will be distributed at least as rapidly as under the method of distribution in effect upon the date of death. See "Taxation" for rules where you have elected to delay your payment start date under a nonqualified annuity and you die before the income payment start date. Under payment options 1 and 2 above, a lump-sum payment of the present value of any death benefit may be requested within six months following the date of death. A lump-sum payment may be requested at any time (even after the six month period) if you had elected the right to withdraw. Under payment option 3 above, a lump-sum payment of the present value of any death benefit may be requested at any time. If a lump-sum payment is requested, no early withdrawal charge is applied and payment will be sent within seven calendar days following our receipt of your request in good order.

**Calculation of Lump-Sum Payment of the Death Benefit.** The value of the lump-sum payment of the death benefit will equal the present value of any remaining guaranteed income payments, calculated using the same rate we used to calculate the income payments (i.e., the 3½% or 5% assumed annual net return rate used for variable payments). We will calculate this value on the next valuation date following our receipt of proof of death acceptable to us and payment request in good order. Such value will reflect any payments made after the date of death. See Appendix I-Fixed Dollar Option for information on calculation of a lump-sum payment of the death benefit applicable to the fixed dollar option.

Unless the beneficiary elects otherwise, lump-sum payments will generally be made into an interest bearing account that is backed by our general account. This account can be accessed by the beneficiary through a checkbook feature. The beneficiary may access death benefit proceeds at any time through the checkbook without penalty. Interest credited on this account may be less than under other settlement options under the contract.

**Who Receives Death Benefit Proceeds?** The beneficiary is the person entitled to receive any death benefit proceeds. We will pay any death benefit proceeds based on the last written beneficiary designation on file at our Customer Service Center as of the date of death.

**Changes in Beneficiary Designations.** The designated beneficiary may be changed at any time during the lifetime of the annuitant and the joint annuitant (if applicable). Such change must be submitted to us in writing, and except for contracts issued in New York, will become effective as of the date written notice of the change is received and recorded by us. For contracts issued in New York, the change will become effective as of the date the notice is signed. However, our obligation to pay death benefits will be fully discharged upon payment to the beneficiary named in the written notice of beneficiary designation that we last received as of the date of such payment.

Some restrictions may apply to beneficiary changes under qualified contracts.

## Withdrawals

---

### ***Withdrawals of Variable Income Payments***

You may make partial or full withdrawals of the present value of any remaining guaranteed variable income payments if you are receiving payments under either one of the following:

- A lifetime payment option with guaranteed payments and you elected a right to make withdrawals. In this circumstance withdrawals are allowed once each year, beginning after the first contract year (subject to state approval).
- The nonlifetime payment option.

Partial withdrawals are allowed only if each remaining guaranteed payment will be at least \$50. If you selected the Lifetime Guaranteed Minimum Income Feature, you may not make any withdrawals.

### ***Withdrawals of Fixed Income Payments***

**(For additional details see Appendix I - Fixed Dollar Option.)**

You may make partial or full withdrawals of the present value of any remaining fixed income payments if you are receiving payments under either one of the following:

- A lifetime payment option with guaranteed payments and you elected a right to make withdrawals. In this circumstance withdrawals are allowed once each year, beginning after the first contract year (subject to state approval).
- The nonlifetime payment option and you elected a right to make withdrawals. In this circumstance withdrawals are allowed once each year, beginning after the first contract year.

Partial withdrawals are allowed only if each remaining guaranteed payment will be at least \$50.

### ***Withdrawal Value***

**Variable Income Payments.** For any withdrawal of remaining variable guaranteed income payments, the amount available for withdrawal is equal to the present value of any remaining guaranteed variable payments (less any applicable early withdrawal charge) calculated using the same rate we used to calculate the income payments (i.e., the 3½% or 5% assumed annual net return rate stated in the contract). Withdrawal values are determined as of the valuation date following our receipt of your written request in good order at our Customer Service Center.

**Fixed Income Payments.** See Appendix I for details regarding the withdrawal value of fixed payments.

**Amount Received.** For partial withdrawals, you will receive, reduced by any required withholding tax, the amount you specify, subject to the value in your account. However, the amount actually withdrawn from your account will be adjusted by any applicable early withdrawal charge.

### ***Early Withdrawal Charge***

Withdrawals may be subject to an early withdrawal charge as described in "Fees-Early Withdrawal Charge."

### ***Reduction of Remaining Payments***

Any withdrawal will result in a proportionate reduction of any remaining guaranteed payments and any applicable guaranteed minimum payment amount. Additionally, the withdrawal amount will be taken from the subaccounts proportionately, unless you designate otherwise. For lifetime income payment options, any payments to be made beyond the guaranteed payment period will be unaffected by any withdrawals.

#### **In This Section:**

- Introduction
- Contract Type
- Investor Control
- Withdrawals and Other Distributions
- 10% Penalty Tax
- Withholding for Federal Income Tax Liability
- Rules Specific to Certain Plans
- Nonqualified Contracts
- Assignment of Right to Payments
- Delay of Start Date
- Possible Changes in Taxation
- Taxation of the Company

When consulting a tax adviser, be certain that he or she has expertise in the Tax Code sections applicable to your tax concerns.

## **Taxation**

---

### ***Introduction***

This section discusses our understanding of current federal income tax laws affecting the contract. You should keep the following in mind when reading it:

- Your tax position (or the tax position of the designated beneficiary, as applicable) determines federal taxation of amounts held or paid out under the contract;
- Tax laws change. It is possible that a change in the future could affect contracts issued in the past;
- This section addresses federal income tax rules and does not discuss federal estate and gift tax implications, state and local taxes or any other tax provisions;
- We do not make any guarantee about the tax treatment of the contract or a transaction involving the contract; and
- For the purposes of this "Taxation" section, contract holder means the person to whom we issue an individually owned contract, the person who receives income payments in connection with an individual contract owned by a plan sponsor, or the participant under a group contract.

We do not intend this information to be tax advice. For advice about the effect of federal income taxes or any other taxes on amounts held or paid out under the contract, consult a tax adviser. No attempt is made to provide more than general information about the use of the contract with tax-qualified retirement arrangements. For more comprehensive information, contact the Internal Revenue Service (IRS).

### ***Contract Type***

The contract is designed for use on a non-tax qualified basis as a nonqualified contract, or as a qualified contract under certain retirement arrangements under Tax Code sections 401, 403(b), 408(b) or 457.

**Tax Rules.** The tax rules vary according to whether the contract is a nonqualified contract or qualified contract used with a qualified retirement arrangement. If used under a qualified retirement arrangement, you need to know the Tax Code section under which your arrangement qualifies. Contact your plan sponsor, sales representative or the Company to learn which Tax Code section applies to your arrangement.

**The Contract.** Contract holders are responsible for determining that contributions, distributions and other transactions satisfy applicable laws. Legal counsel and a tax adviser should be consulted regarding the suitability of the contract. If the contract is purchased in conjunction with a retirement plan, the plan is not a part of the contract and we are not bound by the plan's terms or conditions.

## ***Investor Control***

The Internal Revenue Service (IRS) has stated in published rulings that a variable contract owner will be considered the owner of separate account assets if the contract owner possesses incidents of investment control over the assets. In these circumstances income and gains from the separate account assets would be currently includible in the variable contract owner's gross income. Future guidance regarding the extent to which owners could direct their investments among subaccounts without being treated as owners of the underlying assets of the separate account may adversely affect the tax treatment of existing contracts. The Company therefore reserves the right to modify the contract as necessary to attempt to prevent the contract owner from being considered the federal tax owner of a pro rata share of the assets of the separate account.

## ***Withdrawals and Other Distributions***

Certain tax rules apply to distributions from the contract. A distribution is any amount taken from the contract including income payments, full or partial withdrawals of the value of remaining payments (if permitted under the contract), rollovers, exchanges and death benefit proceeds.

We report the taxable portion of all distributions to the Internal Revenue Service (IRS).

**Nonqualified Contracts.** A full withdrawal of the present value of any remaining guaranteed payments under a nonqualified contract is taxable to the extent that the amount received exceeds any remaining investment in the contract.

If a partial withdrawal of the present value of any remaining payments is made and the continuing payments you receive are reduced because of the partial withdrawal, a part of the withdrawal may not be taxable. The part that is not taxable is equal to any remaining investment in the contract multiplied by a fraction. The numerator (top part of the fraction) is the reduction in each payment because of the partial withdrawal. The denominator (bottom part of the fraction) is the full amount of each payment originally provided.

For income payments, an exclusion ratio is calculated to determine the portion of each payment which represents the investment in the contract and is not taxable.

For fixed income payments, in general, there is no tax on the portion of each payment which represents the same ratio that the investment in the contract bears to the total dollar amount of the expected payments as defined in Tax Code section 72(c). The entire annuity payment will be taxable once the recipient has recovered the investment in the contract.

For variable income payments, an equation is used to establish a specific dollar amount of each payment that is not taxed. The dollar amount is determined by dividing the investment in the contract by the total number of expected periodic payments. The entire payment will be taxable once the recipient has recovered the investment in the contract.

**401 and 403(b) Plans.** All distributions from these plans are taxed as received, unless:

- The distribution is an eligible rollover distribution and it is rolled over to another plan eligible to receive rollovers or to a traditional individual retirement annuity/account (IRA) in accordance with the Tax Code, or
- You made after-tax contributions to the plan. In this case, depending upon the type of distribution, a portion may be excluded from gross income according to rules detailed in the Tax Code.

Generally, a payment can be an eligible rollover distribution only if it is both of the following:

- Made under a nonlifetime payment option with a period of less than ten years; and
- Only to the extent it is not attributable to after-tax contributions and/or is not a required minimum distribution under Tax Code section 401(a)(9).



**Restrictions on Distributions.** Distribution of amounts restricted under Tax Code section 403(b)(11) may only occur upon your death, attainment of age 59½, severance from employment, disability, or financial hardship. Such distributions remain subject to other applicable restrictions under the Tax Code. Subject to the terms of your 401 plan, distributions from your 401 employee account, and possibly all or a portion of your 401 employer account, may only occur upon: retirement, death, attainment of age 59½, disability, severance from employment, financial hardship, and termination of the plan in certain circumstances. Such distributions remain subject to other applicable restrictions under the Tax Code.

**408(b) IRAs.** All distributions from a traditional IRA are taxed as received unless either one of the following is true:

- The distribution is rolled over to a plan eligible to receive rollovers or to another traditional IRA in accordance with the Tax Code; or
- You made after-tax contributions to the IRA. In this case, the distribution will be taxed according to rules detailed in the Tax Code.

A payment can be rolled over only if it is:

- Not attributable to after-tax contributions; and
- Not a required minimum distribution under Tax Code section 401(a)(9).

If you make a tax-free rollover of a distribution from your IRA you may not make another tax-free rollover from the same IRA within a one-year period. There are limitations on the number of rollovers that may be made in any one year period. You should consult a tax adviser prior to making a rollover.

**Taxation of Death Benefit Proceeds.** In general, payments received by your beneficiaries after your death are taxed in the same manner as if you had received those payments.

**457(b) Plans.** All distributions from a 457 plan of a non-governmental, tax-exempt employer are taxed when paid or made available to you, and are subject to mandatory federal income tax withholding as wages, except death benefits. No withholding is required on payments to beneficiaries.

All distributions from a governmental 457(b) plan are taxed when paid, unless the distribution is rolled over to an eligible plan, or to a traditional individual retirement annuity/account (IRA) in accordance with the Tax Code. Generally, under these plans you or a beneficiary may elect not to have tax withheld from distributions. However, certain distributions from these plans are subject to a mandatory 20% federal income tax withholding.

**Rollovers and Transfers.** Amounts distributed from a governmental 457(b) plan are eligible to be rolled over to a traditional IRA.

### ***10% Penalty Tax***

Under certain circumstances, the Tax Code may impose a 10% penalty tax on the taxable portion of any distribution from a nonqualified contract or from a contract used with a 401, 403(b) or 408(b) arrangement. The 10% penalty tax applies only to amounts distributed from a 457(b) plan that are attributable to rollovers from a 401(a), 401(k) or 403(b) plan.

**Nonqualified Contracts.** There is an exception to the 10% penalty tax if payment is made under an immediate annuity contract. An immediate annuity is defined as a contract to which all of the following apply:

- The contract is purchased with a single premium;
- The contract has an annuity starting date, as defined by the Tax Code, no later than one year from date of purchase; and
- The contract provides for a series of substantially equal periodic payments (to be made no less frequently than annually) during the annuity period.

For purposes of determining whether the contract qualifies as an immediate annuity, the IRS has ruled that where an immediate annuity is received in exchange for a deferred annuity contract in a Tax Code section 1035 exchange, the purchase date of the contract will be deemed to be the date the deferred annuity was purchased. This might cause the contract to fail to qualify as an immediate annuity and the contract will be subject to the 10% penalty tax unless one of the other exceptions to the penalty applies.

In addition to the immediate annuity exception, the 10% penalty tax does not apply to the taxable portion of distributions made under certain exceptions, including one or more of the following:

- You have attained age 59½;
- You have become disabled as defined in the Tax Code;
- You have died and the distribution is made to your beneficiary; or
- The distribution is made in substantially equal periodic payments (at least annually) over your life or life expectancy or the joint lives or joint life expectancies of you and your designated beneficiary. Modification of the series of payments prior to the later of age 59½, or five years may result in an additional tax in the year of modification equal to the penalty which would have been imposed, plus interest, as if the exception had not applied.

In addition, if you select an increasing annuity or an early withdrawal of the value of remaining income payments, the payment or distribution may be subject to the 10% penalty tax unless one of the other exceptions applies. You should consult with a tax adviser to determine how this will affect your tax liability.

**401, 403(b) and Governmental 457(b) Plans.** The 10% penalty tax applies to the taxable portion of a distribution from a 401(a), 401(k) or a 403(b) plan or, to the extent such distribution is attributable to a rollover from a 401(a), 401(k) or 403(b), a distribution from a 457(b) plan, unless certain exceptions, including one or more of the following, have occurred:

- You have attained age 59½;
- You have become disabled as defined in the Tax Code;
- You have died and the distribution is to your beneficiary;
- You have separated from service with the plan sponsor at or after age 55;
- The distribution is rolled over into another eligible retirement plan of the same type or to an IRA in accordance with the Tax Code;
- You have separated from service with the plan sponsor and the distribution is made in substantially equal periodic payments (at least annually) over your life or life expectancy or the joint lives or joint life expectancies of you and your designated beneficiary;
- The distribution is due to an IRS levy upon your account; or
- The withdrawal amount is paid to an alternative payee under a Qualified Domestic Relations Order (QDRO).

In addition, the penalty tax does not apply to the amount of a distribution equal to unreimbursed medical expenses incurred by you during the taxable year that qualify for deduction as specified in the Tax Code. The Tax Code may impose other penalty taxes in other circumstances.

**408(b) IRAs.** In general, except for the exceptions relating to separation from service with the plan sponsor at or after age 55, the exceptions listed above for 401 and 403(b) plans also apply to distributions from an IRA. The penalty tax is also waived on a distribution made from an IRA to pay for health insurance premiums for certain unemployed individuals or used for a qualified first-time home purchase or for qualified higher education expenses.

## ***Withholding for Federal Income Tax Liability***

Any taxable distributions under the contract are generally subject to withholding. Federal income tax liability rates vary according to the type of distribution and the recipient's tax status.

**Nonqualified Contracts.** Generally, you or a designated beneficiary may elect not to have tax withheld from distributions.

**401 and 403(b) Plans.** Generally, distributions from these plans are subject to a mandatory 20% federal income tax withholding. However, mandatory withholding will not be required if you elect a direct rollover of the distributions to an eligible retirement plan or in the case of certain distributions described in the Tax Code.

**408(b) IRAs.** Generally, you or a designated beneficiary may elect not to have tax withheld from distributions.

**457 Plans.** All distributions from a non-governmental 457 plan, except death benefit proceeds or amounts rolled over to a traditional IRA, are subject to mandatory federal income tax withholding as wages. No withholding is required on payments to beneficiaries.

**Non-resident Aliens.** If you or a designated beneficiary is a non-resident alien, then any withholding is governed by Tax Code section 1441 based on the individual's citizenship, the country of domicile and treaty status.

## ***Rules Specific to Certain Plans***

**401 Plans.** Tax Code section 401(a) permits certain employers to establish various types of retirement plans for employees, and permits self-employed individuals to establish various types of retirement plans for themselves and for their employees. These retirement plans may permit the purchase of the contracts to accumulate retirement savings under the plans.

- **Assignment or Transfer of Contracts.** Adverse tax consequences to the 401(a) plan and/or to you may result if your beneficial interest in the contract is assigned or transferred to persons other than:
  - A plan participant as a means to provide benefit payments;
  - An alternate payee under a qualified domestic relations order in accordance with Tax Code section 414(p);  
or
  - To the Company as collateral for a loan.

**403(b) Plans.** Under Tax Code section 403(b), contributions made by public school systems or nonprofit healthcare organizations and other Tax Code section 501(c)(3) tax exempt organizations to purchase annuity contracts for their employees are generally excludable from the gross income of the employee.

- **Proposed Regulations.** In November 2004, the Treasury Department proposed regulations which, if finalized, do not take effect until after 2005. These proposed regulations may not be relied upon until they become final. We reserve the right to modify the contracts to comply with these regulations where allowed, or where required by law. The proposed regulations include the ability of a 403(b) plan to be terminated which would entitle a participant to a distribution, a revocation of IRS Revenue Ruling 90-24 which would increase restrictions on a participant's right to transfer his or her 403(b) accounts, the imposition of withdrawal restrictions on non-salary reduction contribution amounts, as well as other changes.
- **Assignment or Transfer of Contracts.** Adverse tax consequences to the 403(b) plan and/or to you may result if your beneficial interest in the contract is assigned or transferred to persons other than:
  - A plan participant as a means to provide benefit payments;
  - An alternate payee under a qualified domestic relations order in accordance with Tax Code section 414(p);  
or
  - To the Company as collateral for a loan.

- **Restrictions on Distributions.** Tax Code section 403(b)(11) restricts the distribution under 403(b) contracts of the following:
  - Salary reduction contributions made after December 31, 1988;
  - Earnings on those contributions; and
  - Earnings during such period on amounts held as of December 31, 1988.

Distribution of those amounts may only occur upon your death, attainment of age 59½, separation from service, disability, or financial hardship. Income attributable to salary reduction contributions and credited on or after January 1, 1989 may not be distributed in the case of hardship.

**408(b) IRAs.** Tax Code section 408(b) permits eligible individuals to contribute to a traditional IRA on a pre-tax (deductible) basis. Employers may establish Simplified Employee Pension (SEP) plans and contribute to a traditional IRA owned by the employee.

- **Assignment or Transfer of Contracts.** Adverse tax consequences may result if you assign, pledge or transfer ownership of a contract, or the designation of an annuitant or payee other than the owner. A contract owner contemplating such a transfer, pledge, assignment or designation or exchange should consult a tax adviser as to the tax consequences.
- **Rollovers and Transfers.** Rollovers and direct transfers are permitted from a 401, 403(a), a 403(b) arrangement, or another traditional IRA to a traditional IRA.

**457(b) Plans.** Tax Code section 457(b) provides for certain deferred compensation plans. These plans may be offered by state governments, local governments, political subdivisions, agencies, instrumentalities and certain affiliates of such entities, and non-government tax exempt entities. The plan may permit participants to specify the form of investment for their deferred compensation account.

- **Trust Requirement.** 457(b) plans maintained by state or local governments, their political subdivisions, agencies, instrumentalities and certain affiliates are required to hold all assets and income of the plan in trust for the exclusive benefit of plan participants and their beneficiaries. For purposes of meeting this requirement, custodial accounts and annuity contracts are treated as trusts.
- **Restrictions on Distributions.** Under a 457(b) plan, amounts may not be made available to you earlier than (1) the calendar year you attain age 70½; (2) when you experience a severance from employment with your employer; or (3) when you experience an unforeseeable emergency. A one-time in service distribution may also be permitted if the total amount payable to the participant does not exceed \$5,000 and no amounts have been deferred by the participant during the 2-year period ending on the date of distribution.

### ***Nonqualified Contracts***

**Non-Natural Holders of a Nonqualified Contract.** If you are not a natural person, a nonqualified contract generally is not treated as an annuity for income tax purposes and the income on the contract for the taxable year is currently taxable as ordinary income. This rule does not apply to an immediate annuity which is defined in the same way as for penalty tax purposes (see "10% Penalty Tax-Nonqualified Contracts" in this section) or to contracts held by a trust or other entity as agent for a natural person. Therefore, if you elect an increasing annuity or elect to receive an early withdrawal of all or a portion of the value of any remaining payments, you should consult with a tax adviser to determine how this will affect your tax liability. A non-natural person exempt from federal income taxes should consult with its tax adviser regarding treatment of income on the contract for purposes of the unrelated business income tax.

**Diversification.** Tax Code section 817(h) requires that in a nonqualified contract the investments of the funds be "adequately diversified" in accordance with Treasury Regulations in order for the contract to qualify as an annuity contract under federal tax law. The separate account, through the funds, intends to comply with the diversification requirements prescribed by the Treasury in Reg. Sec. 1.817-5, which affects how the funds' assets may be invested.

### ***Assignment of Right to Payments***

A transfer of a contract, the transfer of the right to payments under a nonqualified contract or the exchange of a contract may have tax consequences. Anyone contemplating any such assignment or exchange should contact a tax adviser regarding the potential tax effects of such a transaction.

### ***Delay of Start Date***

If you have elected to delay your annuity starting date, as defined below, and you die before the annuity starting date, specific rules for payment of any death benefit apply.

The annuity starting date is defined by the Tax Code to mean the first day of the period (month, quarter, half year, year depending upon whether payments will be made monthly, quarterly, semi-annually or annually) which ends on the date of the first annuity payment.

A delayed annuity starting date occurs any time a monthly payment begins later than one month, a quarterly payment begins later than three months or a semi-annual payment begins later than six months from date of purchase. For example, if you purchase the contract on June 1 with monthly payments to begin October 1, your annuity starting date is September 1, and would be considered a delayed annuity starting date.

For nonqualified contracts, if you die before a delayed annuity starting date, the entire interest in the account must be paid within five years of the date of death, or payments may be made over the life or over a period not extending beyond the life expectancy of the designated beneficiary or payee, as applicable, provided such payments begin not later than one year after the date of death. This rule does not apply if the designated beneficiary or payee is your spouse.

For qualified contracts, generally if your death occurs before the required beginning date, your interest in the account must be distributed by December 31 of the calendar year containing the fifth anniversary of the date of your death. However, if distributions begin by December 31 of the calendar year following the calendar year of your death, then payments may be made over the life of the designated beneficiary or over a period not extending beyond the life expectancy of the designated beneficiary. For details regarding rules specific to your retirement plan, consult your tax adviser.

### ***Possible Changes in Taxation***

Although the likelihood of legislative change is uncertain, there is always the possibility that the tax treatment of the contracts could change by legislation or other means. It is also possible that any change could be retroactive (that is, effective before the date of the change). You should consult a tax adviser with respect to legislative developments and their effect on the contract.

### ***Taxation of the Company***

We are taxed as a life insurance company under the Tax Code. Variable Annuity Account C is not a separate entity from us. Therefore, it is not taxed separately as a "regulated investment company," but is taxed as part of the Company.

We automatically apply investment income and capital gains attributable to the separate account to increase reserves under the contracts. Because of this, under existing federal tax law we believe that any such income and gains will not be taxed to the extent that such income and gains are applied to increase reserves under the contracts. In addition, any foreign tax credits attributable to the separate account will be first used to reduce any income taxes imposed on the separate account before being used by the Company.

In summary, we do not expect that we will incur any federal income tax liability attributable to the separate account and we do not intend to make any provision for such taxes. However, changes in federal tax laws and/or their interpretation may result in our being taxed on income or gains attributable to the separate account. In this case, we may impose a charge against the separate account (with respect to some or all of the contracts) to set aside provisions to pay such taxes. We may deduct this amount from the separate account, including from your account value invested in the subaccounts.

## **Contract Distribution**

---

### ***General***

The Company's subsidiary, ING Financial Advisers, LLC, serves as the principal underwriter for the contracts. ING Financial Advisers, LLC, a Delaware limited liability company, is registered as a broker-dealer with the SEC. ING Financial Advisers, LLC is also a member of the National Association of Securities Dealers, Inc. (NASD) and the Securities Investor Protection Corporation. ING Financial Advisers, LLC's principal office is located at 151 Farmington Avenue, Hartford, Connecticut 06156.

The contracts are offered to the public by individuals who are registered representatives of ING Financial Advisers, LLC or other broker-dealers which have entered into a selling arrangement with ING Financial Advisers, LLC. We refer to ING Financial Advisers, LLC and the other broker-dealers selling the contracts as "distributors."

All registered representatives selling the contracts must also be licensed as insurance agents for the Company.

Broker-dealers which have or may enter into selling agreements with ING Financial Advisers, LLC include the following broker-dealers which are affiliated with the Company:

Banknorth Investment Group, Inc.

Baring Investment Services, Inc.

Compulife Investor Services, Inc.

Directed Services, Inc.

Financial Network Investment Corporation

Granite Investment Services, Inc.

Guaranty Brokerage Services, Inc.

ING America Equities, Inc.

ING Barings Corp.

ING Direct Funds Limited

ING DIRECT Securities, Inc.

ING Funds Distributor, LLC

Multi-Financial Securities Corporation

PrimeVest Financial Services, Inc.

Systematized Benefits Administrators, Inc.

Registered representatives of distributors who solicit sales of the contracts typically receive a portion of the compensation paid to the distributor in the form of commissions or other compensation, depending upon the agreement between the distributor and the registered representative. This compensation, as well as other incentives or payments, is not paid directly by contract owners or the separate account. We intend to recoup this compensation and other sales expenses paid to distributors through fees and charges imposed under the contracts.

### ***Commission Payments***

Persons who offer and sell the contracts may be paid a commission. The maximum percentage amount that may be paid with respect to a given purchase payment is 7%. Individual registered representatives may receive all or a portion of compensation paid to their distributor, depending upon the firm's practices. In limited circumstances, certain of these distributors may also receive compensation, overrides or reimbursement for expenses associated with the distribution of the contract. At times certain distributors may be offered an enhanced commission for a limited period of time. Commissions and other payments, when combined, could exceed 7% of total premium payments. To the extent permitted by SEC and NASD rules and other applicable laws and regulations, we may also pay or allow other promotional incentives or payments in the form of cash payments or other compensation to distributors, which may require the registered representative to attain a certain threshold of sales of Company products.

We may also enter into special compensation arrangements with certain distributors based on those firms' aggregate or anticipated assets under management, sales of the contracts or other criteria. These special compensation arrangements will not be offered to all distributors, and the terms of such arrangements may differ among distributors based on various factors. Any such compensation payable to a distributor will not result in any additional direct charge to you by us.

Some sales personnel may receive various types of non-cash compensation as special sales incentives, including trips, and we may also pay for some sales personnel to attend educational and/or business seminars. Any such compensation will be paid in accordance with SEC and NASD rules. Management personnel of the Company, and of its affiliated broker-dealers, may receive additional compensation if the overall amount of investments in funds advised by the Company or its affiliates meets certain target levels or increases over time. Compensation for certain management personnel, including sales management personnel, may be enhanced if the overall amount of investments in the contracts and other products issued or advised by the Company or its affiliates increases over time. Certain sales management personnel may also receive compensation that is a specific percentage of the commissions paid to distributors or of purchase payments received under the contracts.

In addition to direct cash compensation for sales of contracts described above, distributors may also be paid additional compensation or reimbursement of expenses for their efforts in selling contracts to you and other customers. These amounts may include:

- Wholesaling fees calculated as a percentage of the commissions paid to distributors or of purchase payments received under the contracts;
- Marketing allowances;
- Education and training allowances to facilitate our attendance at certain educational and training meetings to provide information and training about our products, including holding training programs at our expense;
- Sponsorship payments to support attendance at meetings by registered representatives who sell our products;
- Reimbursement for the cost of attendance by registered representatives at conventions that we sponsor;
- Loans or advances of commissions in anticipation of future receipt of premiums (a form of lending to registered representatives). These loans may have advantageous terms, such as reduction or elimination of the interest charged on the loan and/or forgiveness of the principal amount of the loan, which may be conditioned on contract sales.

We pay dealer concessions, wholesaling fees, overrides, bonuses, other allowances and benefits and the costs of all other incentives or training programs from our resources, which include the fees and charges imposed under the contracts.

The following is a list of the top 25 selling firms that, during 2004, received the most compensation, in the aggregate, from us in connection with the sale of registered variable annuity contracts issued by the Company, ranked by total dollars received.

- |  |   |
|--|---|
| (1) Lincoln Investment Planning Inc.   | (14) Proequities, Inc.                      |
| (2) Symetra Investment Services, Inc.  | (15) Investment Professionals, Inc.         |
| (3) SunAmerica Securities, Inc.        | (16) Jefferson Pilot Securities Corporation |
| (4) Securities America, Inc.           | (17) McGinn, Smith & Co., Inc.              |
| (5) ING Financial Partners, Inc.       | (18) Linsco/Private Ledger Corp.            |
| (6) Financial Network Investment Corp. | (19) Queens Road Securities                 |
| (7) Investacorp Inc.                   | (20) A.G. Edwards & Sons                    |
| (8) Huckin Financial Group             | (21) Horan Securities, Inc.                 |
| (9) National Planning Corporation      | (22) Lincoln Financial Advisors Corporation |
| (10) Walnut Street Securities, Inc.    | (23) Securities Service Network, Inc.       |
| (11) NIA Securities, L.L.C.            | (24) Woodbury Financial Services, Inc.      |
| (12) MML Investors Services, Inc.      | (25) M Holdings Securities, Inc.            |
| (13) Cadaret Grant & Co., Inc.         |   |

If the amounts paid to ING Financial Advisers, LLC, were included, ING Financial Advisers, LLC would be at the top of the list.

This is a general discussion of the types and levels of compensation paid by us for the sale of our variable annuity contracts. It is important for you to know that the payment of volume or sales-based compensation to a distributor or registered representative may provide that registered representative a financial incentive to promote our contracts over those of another Company, and may also provide a financial incentive to promote one of our contracts over another.

The names of the broker-dealer and the registered representative responsible for your contract are set forth on your application. Commissions and sales related expenses are paid by the Company and are not deducted from your payment to the contract.

## **Other Topics**

---

### ***The Company***

We issue the contract described in this prospectus and are responsible for providing each contract's insurance and annuity benefits.

We are a stock life insurance company organized under the insurance laws of the State of Connecticut in 1976 and an indirect subsidiary of ING Groep N.V. ("ING"), a global financial institution active in the fields of insurance, banking and asset management. Through a merger our operations include the business of Aetna Variable Annuity Life Insurance Company (formerly known as Participating Annuity Life Insurance Company, an Arkansas life insurance company organized in 1954). Prior to May 1, 2002, the Company was known as Aetna Life Insurance and Annuity Company.

We are engaged in the business of issuing life insurance and annuities.

Our principal executive offices are located at:

151 Farmington Avenue  
Hartford Connecticut 06156

### ***Variable Annuity Account C***

We established Variable Annuity Account C (the separate account) under Connecticut Law in 1976 as a continuation of the separate account established in 1974 under Arkansas Law by Aetna Variable Annuity Life Insurance Company. The separate account was established as a segregated asset account to fund variable annuity contracts. The separate account is registered as a unit investment trust under the Investment Company Act of 1940. It also meets the definition of separate account under the federal securities laws.

The separate account is divided into subaccounts. These subaccounts invest directly in shares of a corresponding fund.

Although we hold title to the assets of the separate account, such assets are not chargeable with the liabilities of any other business that we conduct. Income, gains or losses of the separate account are credited to or charged against the assets of the separate account without regard to other income, gains or losses of the Company. All obligations arising under the contract are obligations of the Company.



### ***Payment Delay or Suspension***

We reserve the right to suspend or postpone the date of any payment of benefits or values under the following circumstances:

- On any valuation date when the New York Stock Exchange is closed (except customary holidays or weekends) or when trading on the New York Stock Exchange is restricted;
- When an emergency exists as determined by the SEC so that disposal of the securities held in the subaccounts is not reasonably practicable or it is not reasonably practicable to determine the value of the subaccount's assets; or
- During any other periods the SEC permits for the protection of investors.

The conditions under which restricted trading or an emergency exists shall be determined by the rules and regulations of the SEC.

### ***Performance Reporting***

We may illustrate the hypothetical values of income payments made from each of the subaccounts over certain periods of time based on historical net asset values of the funds. These numbers will reflect the mortality and expense risk charge, the administrative expense charge (if any), any applicable guaranteed minimum income charge and the advisory fees and other expenses of the funds.

We may also advertise different types of historical performance for the subaccounts including:

- Standardized average annual total returns; and
- Non-standardized average annual total returns.

We may also advertise certain ratings, rankings or other information related to the Company, the subaccounts or the funds.

**Standardized Average Annual Total Returns.** We calculate standardized average annual total returns according to a formula prescribed by the SEC.

This shows the percentage return applicable to \$1,000 invested in the subaccount over the most recent month-end, one, five and ten-year periods. If the investment option was not available for the full period, we give a history from the date money was first received in that option under the separate account or from the date the fund was first available under the separate account. As an alternative to providing the most recent month-end performance, we may provide a phone number, website or both where these returns may be obtained. Standardized average annual returns reflect deduction of all recurring charges during each period (e.g., mortality and expense risk charges, administrative expense charges (if any), any applicable guaranteed minimum income charges and any applicable early withdrawal charges).

**Non-Standardized Average Annual Total Returns.** We calculate non-standardized average annual total returns in a similar manner as that stated above, except we may include returns that do not reflect the deduction of any applicable early withdrawal charges. If we reflected these charges in the calculation, they would decrease the level of performance reflected by the calculation. Non-standardized returns may also include performance from the fund's inception date, if that date is earlier than the one we use for standardized returns.

### ***Voting Rights***

Each of the subaccounts holds shares in a fund and each is entitled to vote at regular and special meetings of that fund. Under our current view of applicable law, we will vote the shares for each subaccount as instructed by persons having a voting interest in the subaccount. We will vote shares for which instructions have not been received in the same proportion as those for which we received instructions. Each person who has a voting interest in the separate account will receive periodic reports relating to the funds in which he or she has an interest, as well as any proxy materials and a form on which to give voting instructions. Voting instructions will be solicited by a written communication at least 14 days before the meeting.

The number of votes (including fractional votes) you are entitled to direct will be determined as of the record date set by any fund you invest in through the subaccounts. The number of votes is equal to the portion of reserves set aside for the contract's share of the fund, divided by the net asset value of one share of that fund.

### ***Contract Modification***

We may change the contract as required by federal or state law or as otherwise permitted in the contract. Certain changes will require the approval of appropriate state or federal regulatory authorities.

### ***Transfer of Ownership***

Ownership of the contract may be changed to the extent permitted by law. You should immediately notify the Company, in writing, of any change in ownership. No such ownership change will be binding until such notification is received and recorded at our Customer Service Center. We reserve the right to reject transfer of ownership to a non-natural person. A transfer of ownership may have tax consequences and you should consult with a qualified tax adviser before transferring ownership of the contract.

### ***Legal Matters and Proceedings***

We are not aware of any pending legal proceedings which involve Separate Account C as a party.

We are, or may be in the future, a defendant in various legal proceedings in connection with the normal conduct of our insurance operations. Some of these cases may seek class action status and may include a demand for punitive damages as well as for compensatory damages. In the opinion of management, the ultimate resolution of any existing legal proceeding is not likely to have a material adverse effect on our ability to meet our obligations under the contract.

ING Financial Advisers, LLC, the principal underwriter and distributor of the contract (the "distributor"), is a party to threatened or pending lawsuits/arbitration that generally arise from the normal conduct of business. Suits against the distributor sometimes include claims for substantial compensatory, consequential or punitive damages and other types of relief. In a number of pending cases, claims have been made that a former registered representative of the distributor converted client funds to the representatives' personal use. ING Financial Advisers, LLC is not involved in any legal proceeding which, in the opinion of management, is likely to have material adverse effect on its ability to distribute the contract.

### ***Regulatory Matters***

As with many financial services companies, the Company and its affiliates have received informal and formal requests for information from various state and federal governmental agencies and self-regulatory organizations in connection with inquiries and investigations of the products and practices of the financial services industry. In each case, the Company and its affiliates have been and are providing full cooperation.

## **Contents of the Statement of Additional Information**

---

The Statement of Additional Information (SAI) contains more specific information on the separate account and the contract, as well as the financial statements of the separate account and the Company. A list of the contents of the SAI is set forth below:

General Information and History	2
Variable Annuity Account C	2
Offering and Purchase of Contracts	3
Income Payments	5
Sales Material and Advertising	5
Independent Registered Public Accounting Firm	5
Financial Statements of the Separate Account	S-1
Consolidated Financial Statements of ING Life Insurance and Annuity Company	C-1

You may request an SAI by calling the Company at the number listed in "Contract Overview-Questions: Contacting the Company."

## Appendix I

### Fixed Dollar Option

---

The following summarizes material information concerning the fixed dollar option. You may choose to allocate all or a portion of your purchase payment to the fixed dollar option. If you choose the fixed dollar option, your income payments will generally remain fixed as specified in your contract over the term of the contract. Your fixed payment may vary due to factors including your selection of an increasing annuity or your election and use of a right to withdraw. In certain cases, you may elect a right to withdraw any remaining guaranteed payments, (see "Withdrawals" in this appendix). Amounts allocated to the fixed dollar option are held in the Company's general account that supports general insurance and annuity obligations.

Interests in the fixed dollar option have not been registered with the SEC in reliance upon exemptions under the Securities Act of 1933, as amended. Disclosure in this prospectus regarding the fixed dollar option may, however, be subject to certain generally applicable provisions of the federal securities laws relating to the accuracy and completeness of such statements. Disclosure in this appendix regarding the fixed dollar option has not been reviewed by the SEC.

#### ***Payment Options***

All of the payment options described under "Income Payments" in this prospectus are available for the fixed dollar option. If you allocate all of your purchase payment to the fixed dollar option, you may also elect one of the following features in connection with your fixed income payments:

- (a) **A Cash Refund Feature.** (Only available if you select 100% fixed payments.) With this feature, if the annuitant or both annuitants (as applicable) die, then the beneficiary will receive a lump-sum payment equal to the purchase payment allocated to the fixed dollar option less any premium tax and less the total amount of fixed income payments paid prior to such death. The cash refund feature may be elected only with a "life income" or "life income-two lives" payment option that has no reduction in payment to the survivor, see "Income Payments-Payment Options." You may not elect a right to withdraw or elect an increasing annuity with this feature.
- (b) **An Increasing Annuity.** (Only available if you select 100% fixed payments.) With this feature you may elect for your payments to increase by either one, two, or three percent, compounded annually. The higher your percentage, the lower your initial payment will be. This is available with any payment option, except for those with a reduction in payment to the survivor, see "Income Payments-Payment Options." You may not elect a right to withdraw or elect the cash refund feature with an increasing annuity.

#### ***Fixed Income Payment Amounts***

The amount of each payment depends upon (1) the purchase payment that you allocate to the fixed dollar option, less any premium tax, and (2) the payment option and features chosen.

#### ***Withdrawals***

**Withdrawal Value-Lifetime Payment Options.** If you select a lifetime payment option with guaranteed payments and elect the right to make withdrawals, the withdrawal amount available from any fixed portion of remaining guaranteed payments is equal to the present value of the remaining fixed portion of guaranteed payments calculated using the contract rate adjusted by the change in the constant maturity ten year Treasury note rate from your contract effective date to the date we calculate the withdrawal value. Any applicable early withdrawal charge will be deducted.

**Withdrawal Value-Nonlifetime Payment Options.** If you select a nonlifetime payment option and elect the right to make withdrawals, the withdrawal amount available from any fixed portion of remaining guaranteed payments is equal to the present value of the remaining fixed portion of guaranteed payments calculated using the adjusted contract rate. The calculation is presented below. Any applicable early withdrawal charge will be deducted.

The adjusted contract rate equals (Rate of Return) + WY - IY, where:

**Rate of Return** is the fixed annuity present value interest rate shown in your contract

**WY** is the withdrawal yield

**IY** is the issue yield

**WY** is determined as follows:

- (1) WY is the average of the yields, as published in the Wall Street Journal on the Friday before the date of the withdrawal, of noncallable, noninflation adjusted Treasury Notes or Bonds maturing on or closest to the withdrawal duration date.
- (2) The withdrawal duration date is the date (month and year) obtained when the withdrawal duration is added to the date of the withdrawal.
- (3) Withdrawal duration equals 1 plus the number of whole years from the date of the withdrawal until the final guaranteed payment is due, divided by 2. Any resulting fraction will be rounded up to the next whole number.

**IY** is determined as follows:

- (1) IY is the average of the yields, as published in the Wall Street Journal on the Friday before the later of the contract effective date or the benefit change date shown in your contract, of noncallable, noninflation adjusted Treasury Notes or Bonds maturing on or closest to the issue duration date.
- (2) The issue duration date (month and year) is obtained when the issue duration is added to the later of the contract effective date or the benefit change date.
- (3) Issue duration equals 1 plus the number of whole years from the later of the contract effective date or the benefit change date until the final payment is due, divided by 2. Any resulting fraction will be rounded up to the next whole number.
- (4) Benefit change date is the date of the most recent change, if any, of the guaranteed payment period.

### ***Early Withdrawal Charge***

Withdrawals may be subject to an early withdrawal charge. The charge is a percentage of the amount that you withdraw. The percentage will be determined by the early withdrawal charge schedule applicable to your contract:

<b>Number of Years from Contract Effective Date*</b>	<b>Early Withdrawal Charge</b>
1 or more, but fewer than 2	6%
2 or more, but fewer than 3	5%
3 or more, but fewer than 4	4%
4 or more, but fewer than 5	3%
5 or more, but fewer than 6	2%
6 or more, but fewer than 7	1%
7 or more	0%

\* For participants under a group contract, the early withdrawal charge will be calculated based upon the number of years from the certificate effective date.

The early withdrawal charge, in effect, is a deferred sales charge imposed to reimburse the Company for unrecovered acquisition and distribution costs.

**Internal Exchanges.** In the case of amounts transferred from a prior contract issued by the Company or certain of its affiliates, the "Number of Years from Contract Effective Date" is calculated from the date of the first premium payment made under the individual's account under the prior contract or if earlier, the effective date of the individual's account under the prior contract.

**Reduction or Elimination of the Early Withdrawal Charge.** We may reduce or eliminate the early withdrawal charge when sales of the contract are made to individuals or a group of individuals in such a manner that results in savings of sales expenses. The entitlement to such a reduction in the early withdrawal charge will be based on one or more of the following criteria:

- (a) The size and type of group of individuals to whom the contract is offered;
- (b) The type and frequency of administrative and sales services to be provided; or
- (c) Whether there is a prior or existing relationship with the Company such as being an employee or former employee of the Company or one of its affiliate; receiving distributions or making internal transfers from other contracts or arrangements offered by the Company or one of its affiliates; or making transfers of amounts held under qualified plans sponsored by the Company or an affiliate.

Any reduction or elimination of the early withdrawal charge will not be unfairly discriminatory against any person.

### ***Death Benefit***

If the annuitant or both annuitants, as applicable, die before all guaranteed payments are paid, payments will continue to the beneficiary in the manner stated in your contract.

**Payment of Death Benefit.** Any death benefit will be paid in the form specified in the contract and will be distributed at least as rapidly as under the method of distribution in effect upon the date of death. See "Taxation" for rules that apply if you have elected to delay your payment start date under a nonqualified annuity and you die before the annuity starting date. A lump-sum payment of any death benefit may be requested within six months following the date of death. If a lump-sum payment is requested, no early withdrawal charge is applied and payment will be sent within seven calendar days following our receipt of request in good order. A lump-sum payment may be requested at anytime (even after the six month period) if you had elected the right to withdraw. If a cash refund feature was elected, the death benefit will be paid in one lump sum to the beneficiary.

Unless the beneficiary elects otherwise, lump-sum payments will generally be made into an interest bearing account that is backed by our general account. This account can be accessed by the beneficiary through a checkbook feature. The beneficiary may access death benefit proceeds at any time through the checkbook without penalty. Interest credited on this account may be less than under other settlement options under the contract.

If the contract holder who is not the annuitant dies, income payments will continue to be paid to the payee in the form specified in the contract. If no payee survives the death of the contract holder, income payments will be made to the annuitant. Such payments will be paid at least as rapidly as under the method of distribution then in effect.

**Death Benefit Amount.** If you elect a right to withdraw, the death benefit value will be determined as described under "Withdrawal Amount" in this appendix. No early withdrawal charge will apply. If the contract is issued with guaranteed payments and with no right to withdraw, the rate used to determine the value of the remaining guaranteed payments will be the fixed annuity present value interest rate shown in the contract.

The value of the death benefit will be determined as of the next valuation following the Company's receipt at its Customer Service Center of proof of death acceptable to us and a request for payment in good order.

## Appendix II

### Description of Underlying Funds

#### List of Fund Name Changes

<b>Current Fund Name</b>	<b>Former Fund Name</b>
ING Partners, Inc. - ING American Century Large Company Value Portfolio	ING Partners, Inc. - ING Salomon Brothers Investors Value Portfolio
ING Partners, Inc. - ING Fundamental Research Portfolio	ING Partners, Inc. - ING Aeltus Enhanced Index Portfolio
ING VP Intermediate Bond Portfolio	ING VP Bond Portfolio

The investment results of the mutual funds (funds) are likely to differ significantly and there is no assurance that any of the funds will achieve their respective investment objectives. You should consider the investment objectives, risks and charges, and expenses of the funds carefully before investing. Please refer to the fund prospectuses for additional information. Shares of the funds will rise and fall in value and you could lose money by investing in the funds. Shares of the funds are not bank deposits and are not guaranteed, endorsed or insured by any financial institution, the Federal Deposit Insurance Corporation or any other government agency. Except as noted, all funds are diversified, as defined under the Investment Company Act of 1940. Fund prospectuses may be obtained free of charge at the address and telephone number listed in "Contract Overview - Questions," by accessing the SEC's web site or by contacting the SEC Public Reference Room.

Certain funds offered under the contracts have investment objectives and policies similar to other funds managed by the fund's investment adviser. The investment results of a fund may be higher or lower than those of other funds managed by the same adviser. There is no assurance and no representation is made that the investment results of any fund will be comparable to those of another fund managed by the same investment adviser.

<b>Fund Name</b>	<b>Investment Adviser/ Subadviser</b>	<b>Investment Objective(s)/ Summary of Principal Investments</b>
<b>AIM Variable Insurance Funds - AIM V.I. Capital Appreciation Fund (Series I shares)</b>	A I M Advisors, Inc.	Seeks growth of capital. Seeks to meet its objective by investing principally in common stocks of companies the portfolio managers believe are likely to benefit from new or innovative products, services or processes as well as those that have experienced above-average, long-term growth in earnings and have excellent prospects for future growth.
<b>AIM Variable Insurance Funds - AIM V.I. Core Equity Fund (Series I shares)</b>	A I M Advisors, Inc.	Seeks growth of capital. Seeks to meet its objective by investing, normally, at least 80% of net assets in equity securities, including convertible securities, of established companies that have long-term above-average growth in earnings, and growth companies that the portfolio managers believe have the potential for above-average growth in earnings.
<b>Calvert Variable Series, Inc. - Calvert Social Balanced Portfolio</b>	Calvert Asset Management Company, Inc.  Subadviser: New Amsterdam Partners LLC and SsgA Funds Management, Inc.	Seeks to achieve a competitive total return through an actively managed portfolio of stocks, bonds and money market instruments which offer income and capital growth opportunity and which satisfy the investment and social criteria. Typically invests about 60% of its assets in stocks and 40% in bonds or other fixed-income investments. Stocks investments are primarily common stock in large-cap companies, while the fixed-income investments are primarily a wide variety of investment grade bonds.

<b>Fund Name</b>	<b>Investment Adviser/ Subadviser</b>	<b>Investment Objective(s)/ Summary of Principal Investments</b>
<b>Fidelity® Variable Insurance Products - Fidelity® VIP Contrafund® Portfolio (Initial Class)</b>	Fidelity Management & Research Company  Subadvisers: Fidelity Management & Research (U.K.) Inc.; Fidelity Management & Research (Far East) Inc.; Fidelity Investments Japan Limited; FMR Co., Inc.	Seeks long-term capital appreciation. Normally invests primarily in common stocks of companies whose value the Portfolio's investment adviser believes is not fully recognized by the public.
<b>Fidelity® Variable Insurance Products - Fidelity® VIP Equity-Income Portfolio (Initial Class)</b>	Fidelity Management & Research Company  Subadviser: FMR Co., Inc.	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 <sup>SM</sup> Index. Normally invests at least 80% of total assets in income-producing equity securities (which tends to lead to investments in large cap "value" stocks).
<b>Fidelity® Variable Insurance Products - Fidelity® VIP Growth Portfolio (Initial Class)</b>	Fidelity Management & Research Company  Subadviser: FMR Co., Inc.	Seeks to achieve capital appreciation. Normally invests primarily in common stocks of companies the investment adviser believes have above-average growth potential (often called "growth" stocks).
<b>Franklin Templeton Variable Insurance Products Trust - Franklin Small Cap Value Securities Fund (Class 2 Shares)</b>	Franklin Advisory Services, LLC	A <i>nondiversified</i> fund that seeks long-term total return. Normally invests at least 80% of net assets in investments of small capitalization companies that have market capitalization values not exceeding \$2.5 billion, at the time of purchase. Invests mainly in equity securities of companies that the fund's manager believes are selling below the underlying value of their assets or their private market value (what a sophisticated investor would pay for the entire company).
<b>ING Partners, Inc. - ING American Century Large Company Value Portfolio (Service Class)</b>	ING Life Insurance and Annuity Company  Subadviser: American Century Investment Management, Inc. (American Century)	Seeks long-term capital growth; income is a secondary objective. Under normal market conditions, invests at least 80% of its assets in equity securities of large capitalization companies. American Century considers large capitalization companies to be companies in the Russell 1000 Index. Under normal market conditions, intends to keep at least 80% of assets in U. S. equity securities at all times, including common stock, preferred stock, and equity-equivalent securities, such as debt securities and preferred stock convertible into common stock, and stock or stock index futures contracts.



<b>Fund Name</b>	<b>Investment Adviser/ Subadviser</b>	<b>Investment Objective(s)/ Summary of Principal Investments</b>
<b>ING Partners, Inc. - ING American Century Select Portfolio (Initial Class)</b>	ING Life Insurance and Annuity Company  Subadviser: American Century Investment Management, Inc. (American Century)	Seeks long-term capital appreciation. Invests in securities of companies American Century believes will increase in value over time, using a growth investment strategy developed by American Century. Generally invests in larger companies, although may purchase securities of companies of any size. Can also invest in foreign companies.
<b>ING Partners, Inc. - ING American Century Small Cap Value Portfolio (Service Class)</b>	ING Life Insurance and Annuity Company  Subadviser: American Century Investment Management, Inc. (American Century)	Seeks long-term growth of capital; income is a secondary objective. Under normal circumstances, invests at least 80% of net assets in equity securities of small-capitalization companies. American Century considers small-capitalization companies to include those with a market capitalization no larger than that of the largest company in the S&P SmallCap 600 Index or the Russell 2000 Index. Under normal market conditions, intends to keep at least 80% of assets in U. S. equity securities at all times, including common stock, preferred stock, and equity-equivalent securities, such as debt securities and preferred stock convertible into common stock, and stock or stock index futures contracts.
<b>ING Partners, Inc. - ING Baron Small Cap Growth Portfolio (Service Class)</b>	ING Life Insurance and Annuity Company  Subadviser: BAMCO, Inc.	Seeks capital appreciation. Invests primarily (at least 80% of total assets under normal circumstances) in securities of smaller companies with market values under \$2.5 billion as measured at the time of purchase.
<b>ING Partners, Inc. - ING Fundamental Research Portfolio (Service Class)</b>	ING Life Insurance and Annuity Company  Subadviser: ING Investment Management Co.	Seeks to maximize total return through investments in a diversified portfolio of common stocks and securities convertible into common stock. Prior to July 5, 2005, invests at least 80% of assets in stocks included in the S&P 500 Index. Effective July 5, 2005, will invest at least 65% of total assets in common stocks and securities convertible into common stocks. May invest principally in common stocks having significant potential for capital appreciation emphasizing stocks of larger companies. May also invest a portion of assets in stocks of mid-sized companies, and up to 25% of assets in stocks of foreign issuers, depending upon market conditions. May also invest in derivative instruments.

<b>Fund Name</b>	<b>Investment Adviser/ Subadviser</b>	<b>Investment Objective(s)/ Summary of Principal Investments</b>
<b>ING Partners, Inc. - ING Goldman Sachs® Capital Growth Portfolio* (Service Class)</b>  * Goldman Sachs® is a registered service mark of Goldman, Sachs & Co., and it is used by agreement with Goldman, Sachs & Co.	ING Life Insurance and Annuity Company  Subadviser: Goldman Sachs Asset Management, L.P. (GSAM)	Seeks long-term growth of capital. Invests, under normal circumstances, at least 90% of total assets in equity investments that are considered by GSAM to have long-term capital appreciation potential.
<b>ING Partners, Inc. - ING JPMorgan Fleming International Portfolio (Initial Class)</b>	ING Life Insurance and Annuity Company  Subadviser: J.P. Morgan Fleming Asset Management (London) Ltd.	Seeks long-term growth of capital. Invests primarily (at least 65% of total assets) in the equity securities of foreign companies that the subadviser believes have higher growth potential and which are attractively valued. Will normally invest in a number of issuers in several countries other than the U.S. and will invest in securities in both developed and developing markets. May invest in debt securities issued by foreign and U.S. companies, including non-investment grade debt securities.
<b>ING Partners, Inc. - ING JPMorgan Mid Cap Value Portfolio (Service Class)</b>	ING Life Insurance and Annuity Company  Subadviser: J.P. Morgan Investment Management Inc.	Seeks growth from capital appreciation. A <i>nondiversified</i> Portfolio that invests primarily (at least 80% of net assets under normal circumstances) in a broad portfolio of common stocks of companies with market capitalizations of \$1 billion to \$20 billion at the time of purchase that the subadviser believes to be undervalued. May invest in other equity securities, which include preferred stocks, convertible securities and foreign securities, which may take the form of depository receipts. Also may use derivatives.
<b>ING Partners, Inc. - ING MFS Capital Opportunities Portfolio (Initial Class)</b>	ING Life Insurance and Annuity Company  Subadviser: Massachusetts Financial Services Company (MFS)	Seeks capital appreciation. Invests primarily (at least 65% of net assets) in common stocks and related securities, such as preferred stocks, convertible securities and depository receipts focusing on companies that MFS believes have favorable growth prospects and attractive valuations based on current and expected earnings or cash flows. May invest in foreign securities (including emerging market securities).

<b>Fund Name</b>	<b>Investment Adviser/ Subadviser</b>	<b>Investment Objective(s)/ Summary of Principal Investments</b>
<b>ING Partners, Inc. - ING OpCap Balanced Value Portfolio (Service Class)</b>	ING Life Insurance and Annuity Company  Subadviser: OpCap Advisors LLC	Seeks capital growth, and secondarily, investment income. Under normal market conditions, invests at least 25% of total assets in equity securities, including common stocks and preferred stocks and expects to have between 50% to 75% of total assets invested in equities. Also invests at least 25% of total assets in fixed-income senior securities including bonds, debentures, notes, participation interests in loans, convertible securities and U.S. government securities.
<b>ING Partners, Inc. - ING Oppenheimer Global Portfolio (Initial Class)</b>	ING Life Insurance and Annuity Company  Subadviser: OppenheimerFunds, Inc.	Seeks capital appreciation. Invests mainly in common stocks of companies in the U.S. and foreign countries. Can invest without limit in foreign securities in any country, including countries with emerging markets. Currently emphasizes investments in developed markets such as the United States, Western European countries and Japan. May invest in companies of any size, but currently focuses its investments in mid- and large-cap companies. Normally will invest in at least three countries (one of which may be the United States).
<b>ING Partners, Inc. - ING Oppenheimer Strategic Income Portfolio (Initial Class)</b>	ING Life Insurance and Annuity Company  Subadviser: OppenheimerFunds, Inc.	Seeks a high level of current income principally derived from interest on debt securities. Invests mainly in debt securities of issuers in three market sectors: foreign governments and companies; U.S. government securities; and lower-grade high-yield securities of U.S. and foreign companies. Debt securities typically include short, medium and long-term foreign government and U.S. government bonds and notes; collateralized mortgage obligations; other mortgage-related securities and asset-backed securities; participation interests in loans; "structured" notes; lower-grade, high-yield domestic and foreign corporate debt obligations; and "zero-coupon" or "stripped" securities.
<b>ING Partners, Inc. - ING PIMCO Total Return Portfolio (Service Class)</b>	ING Life Insurance and Annuity Company  Subadviser: Pacific Investment Management Company LLC	Seeks maximum total return, consistent with capital preservation and prudent investment management. Invests under normal circumstances at least 65% of net assets plus borrowings for investment purposes in a diversified portfolio of fixed income instruments of varying maturities. Invests primarily in investment grade debt securities, but may invest up to 10% of its assets in high yield securities ("junk bonds") rated B or higher by Moody's or S&P, or, if unrated, determined by the subadviser to be of comparable quality. May invest up to 30% of assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers.

<b>Fund Name</b>	<b>Investment Adviser/ Subadviser</b>	<b>Investment Objective(s)/ Summary of Principal Investments</b>
<b>ING Partners, Inc. - ING Salomon Brothers Aggressive Growth Portfolio (Initial Class)</b>	ING Life Insurance and Annuity Company  Subadviser: Salomon Brothers Asset Management Inc	Seeks long-term growth of capital. Invests primarily (at least 80% of net assets under normal circumstances) in common stocks and related securities, such as preferred stock, convertible securities and depositary receipts, of emerging growth companies. May invest in foreign securities (including emerging market securities).
<b>ING Partners, Inc. - ING Salomon Brothers Fundamental Value Portfolio (Service Class)</b>	ING Life Insurance and Annuity Company  Subadviser: Salomon Brothers Asset Management Inc	Seeks capital appreciation. A <i>nondiversified</i> Portfolio that invests primarily in common stocks and common stock equivalents, such as preferred stocks and securities convertible into common stocks, of companies the subadviser believes are undervalued in the marketplace. Generally invests in securities of large, well-known companies, but may also invest a significant portion of assets in securities of small to medium-sized companies when the subadviser believes smaller companies offer more attractive value opportunities.
<b>ING Partners, Inc. - ING T. Rowe Price Diversified Mid Cap Growth Portfolio (Initial Class)</b>	ING Life Insurance and Annuity Company  Subadviser: T. Rowe Price Associates, Inc.	Seeks long-term capital appreciation. Normally invests at least 80% of total assets in equity securities of companies having a market capitalization within the range of companies in the Russell MidCap Growth Index or the Standard & Poor's MidCap 400 Index focusing on mid-size companies whose earnings are expected to grow at a rate faster than the average company.
<b>ING Partners, Inc. - ING T. Rowe Price Growth Equity Portfolio (Initial Class)</b>	ING Life Insurance and Annuity Company  Subadviser: T. Rowe Price Associates, Inc.	Seeks long-term capital growth, and secondarily, increasing dividend income. Invests primarily (at least 80% of net assets under normal circumstances) in common stocks. Concentrates its investments in growth companies that have the ability to pay increasing dividends through strong cash flows and whose rates of earnings growth are considered above average. May also purchase foreign stocks, hybrid securities, futures and options. Investments in foreign securities are limited to 30% of total assets.
<b>ING Partners, Inc. - ING UBS U.S. Large Cap Equity Portfolio (Initial Class)</b>	ING Life Insurance and Annuity Company  Subadviser: UBS Global Asset Management (Americas) Inc.	Seeks long-term growth of capital and future income. Under normal circumstances, invests at least 80% of net assets (plus borrowings for investment purposes, if any) in equity securities of U.S. large capitalization companies. Investments in equity securities may include dividend-paying securities, common stock and preferred stock.

<b>Fund Name</b>	<b>Investment Adviser/ Subadviser</b>	<b>Investment Objective(s)/ Summary of Principal Investments</b>
<b>ING Partners, Inc. - ING Van Kampen Comstock Portfolio (Service Class)</b>	<p>ING Life Insurance and Annuity Company</p> <p>Subadviser: Van Kampen*</p> <p>* Morgan Stanley Investment Management Inc. does business in certain instances (including in its role as subadviser to the Portfolio) under the name "Van Kampen"</p>	<p>Seeks capital growth and income. Invests in a portfolio of equity securities, including common stocks, preferred stocks and securities convertible into common and preferred stocks. May invest up to 25% of total assets in securities of foreign issuers and may purchase and sell certain derivative instruments, such as options, futures and options on futures, for various portfolio management purposes.</p>
<b>ING Partners, Inc. - ING Van Kampen Equity and Income Portfolio (Initial Class)</b>	<p>ING Life Insurance and Annuity Company</p> <p>Subadviser: Van Kampen*</p> <p>* Morgan Stanley Investment Management Inc. does business in certain instances (including in its role as subadviser to the Portfolio) under the name "Van Kampen"</p>	<p>Seeks total return, consisting of long-term capital appreciation and current income. Normally invests at least 80% of net assets (plus any borrowings for investment purposes) in equity and income securities at the time of investment. Normally invests at least 65% of assets in income producing equity instruments (including common stocks, preferred stocks and convertible securities) and investment grade quality debt securities. May invest up to 25% of total assets in securities of foreign issuers. May purchase and sell certain derivative instruments, such as options, futures contracts, and options on futures contracts, for various portfolio management purposes, including to earn income, to facilitate portfolio management and to mitigate risks.</p>
<b>ING VP Balanced Portfolio, Inc. (Class I Shares)</b>	<p>ING Investments, LLC</p> <p>Subadviser: ING Investment Management Co.</p>	<p>Seeks to maximize investment return, consistent with reasonable safety of principal, by investing in a diversified portfolio of one or more of the following asset classes: stocks, bonds and cash equivalents, based on the judgment of the Portfolio's management, of which of those sectors or mix thereof offers the best investment prospects. Typically maintains approximately 60% of total assets in equities and approximately 40% of total assets in debt (including money market instruments). The Portfolio may invest a portion of its total assets in high-yield instruments. May also invest in convertible securities, foreign debt securities and derivatives.</p>

<b>Fund Name</b>	<b>Investment Adviser/ Subadviser</b>	<b>Investment Objective(s)/ Summary of Principal Investments</b>
<b>ING Variable Funds - ING VP Growth and Income Portfolio (Class I Shares)</b>	ING Investments, LLC  Subadviser: ING Investment Management Co.	Seeks to maximize total return through investments in a diversified portfolio of common stocks and securities convertible into common stock. Under normal market conditions, invests at least 65% of total assets in common stocks that the subadviser believes have significant potential for capital appreciation or income growth or both. May invest up to 25% of its total assets in stocks of foreign issuers. May invest in derivatives.
<b>ING Variable Portfolios, Inc. - ING VP Growth Portfolio (Class I Shares)</b>	ING Investments, LLC  Subadviser: ING Investment Management Co.	Seeks growth of capital through investment in a diversified portfolio consisting primarily of common stocks and securities convertible into common stocks believed to offer growth potential. Under normal market conditions, invests primarily in common stocks and securities convertible into common stock of large U.S. companies. May invest in derivatives and foreign securities.
<b>ING Variable Portfolios, Inc. - ING VP Index Plus LargeCap Portfolio (Class I Shares)</b>	ING Investments, LLC  Subadviser: ING Investment Management Co.	Seeks to outperform the total return performance of the Standard & Poor's 500 Composite Stock Price Index (S&P 500 Index), while maintaining a market level of risk. Invests at least 80% of assets in stocks included in the S&P 500 Index. The subadviser's objective is to overweight those stocks in the S&P 500 Index that it believes will outperform the index and underweight (or avoid altogether) those stocks that it believes will underperform the index. May invest in derivatives.
<b>ING Variable Portfolios, Inc. - ING VP Index Plus MidCap Portfolio (Class I Shares)</b>	ING Investments, LLC  Subadviser: ING Investment Management Co.	Seeks to outperform the total return performance of the Standard & Poor's MidCap 400 Index (S&P MidCap 400 Index), while maintaining a market level of risk. Invests at least 80% of assets in stocks included in the S&P MidCap 400 Index. The subadviser's objective is to overweight those stocks in the S&P MidCap 400 Index that it believes will outperform the index and underweight (or avoid altogether) those stocks that it believes will underperform the index. May invest in derivatives.
<b>ING Variable Portfolios, Inc. - ING VP Index Plus SmallCap Portfolio (Class I Shares)</b>	ING Investments, LLC  Subadviser: ING Investment Management Co.	Seeks to outperform the total return performance of the Standard and Poor's SmallCap 600 Index (S&P SmallCap 600 Index), while maintaining a market level of risk. Invests at least 80% of assets in stocks included in the S&P SmallCap 600 Index. The subadviser's objective is to overweight those stocks in the S&P SmallCap 600 Index that it believes will outperform the index and underweight (or avoid altogether) those stocks that it believes will underperform the index. May invest in derivatives.

<b>Fund Name</b>	<b>Investment Adviser/ Subadviser</b>	<b>Investment Objective(s)/ Summary of Principal Investments</b>
<b>ING VP Intermediate Bond Portfolio (Class I Shares)</b>	ING Investments, LLC  Subadviser: ING Investment Management Co.	Seeks to maximize total return consistent with reasonable risk, through investment in a diversified portfolio consisting primarily of debt securities. It is anticipated that capital appreciation and investment income will both be major factors in achieving total return. Under normal market conditions, the Portfolio invests at least 80% of its assets in a portfolio of bonds, including but not limited to corporate, government and mortgage bonds, which, at the time of investment, are rated investment grade or have an equivalent rating by a nationally recognized statistical rating organization, or of comparable quality if unrated. May also invest in: preferred stocks; high quality money market instruments; municipal bonds; debt securities of foreign issuers; mortgage- and asset-backed securities; and options and futures contracts involving securities, securities indices and interest rates. Although the portfolio may invest in high yield debt securities rated below investment grade, it seeks to maintain a minimum average portfolio quality of at least investment grade.
<b>ING Variable Portfolios, Inc. - ING VP International Equity Portfolio (Class I Shares)</b>	ING Investments, LLC  Subadviser: ING Investment Management Co.	Seeks long-term capital growth primarily through investment in a diversified portfolio of common stocks principally traded in countries outside of the United States. The Portfolio will not target any given level of current income. Under normal market conditions, invests at least 80% of assets in equity securities. At least 65% of assets will normally be invested in securities principally traded in three or more countries outside of the U.S and countries with emerging securities markets. These securities may include common stocks as well as securities convertible into common stock. May employ hedging strategies to protect it from adverse effects on the U.S. dollar. May invest in derivatives.
<b>ING Variable Products Trust - ING VP International Value Portfolio (Class I shares)</b>	ING Investments, LLC  Subadviser: ING Investment Management Co.	Seeks capital appreciation. Under normal conditions, invests at least 65% of net assets in equity securities of issuers located in countries outside of the U.S. Invests primarily in companies with a large market capitalization, but may also invest in mid- and small-sized companies. Generally invests in common and preferred stocks, warrants and convertible securities. May invest in companies located in countries with emerging securities markets when the fund's subadviser believes they present attractive investment opportunities. May invest in government debt securities of developed foreign countries. Also may invest up to 35% of its assets in securities of U.S. issuers, including investment-grade government and corporate debt securities.

<b>Fund Name</b>	<b>Investment Adviser/ Subadviser</b>	<b>Investment Objective(s)/ Summary of Principal Investments</b>
<b>ING Variable Products Trust - ING VP MagnaCap Portfolio (Class I shares)</b>	ING Investments, LLC  Subadviser: ING Investment Management Co.	Seeks growth of capital, with dividend income as a secondary consideration. Will normally invest at least 80% of assets in common stock of large companies. For this Portfolio, large companies are those included in the 500 largest U.S. companies, as measured by total revenues, net assets, cash flow or earnings, or the 1,000 largest companies as measured by equity market capitalization. Equity securities in which the Portfolio may invest include common stocks, convertible securities, and rights or warrants. May invest the remaining 20% in other types of securities, including foreign securities and securities of smaller companies. Although the Portfolio normally will be invested as fully as practicable in equity securities, assets not invested in equity securities may be invested in high quality debt securities.
<b>ING VP Money Market Portfolio (Class I Shares)</b>	ING Investments, LLC  Subadviser: ING Investment Management Co.	Seeks to provide high current return, consistent with preservation of capital and liquidity, through investment in high-quality money market instruments. Invests in a diversified portfolio of high-quality fixed income securities denominated in U.S. dollars, with short remaining maturities. May invest in certain obligations of foreign banks. <b>There is no guarantee that the ING VP Money Market Subaccount will have a positive or level return.</b>
<b>ING Variable Portfolios, Inc. - ING VP Small Company Portfolio (Class I Shares)</b>	ING Investments, LLC  Subadviser: ING Investment Management Co.	Seeks growth of capital primarily through investment in a diversified portfolio of common stocks and securities of companies with smaller market capitalizations. Under normal market conditions, invests at least 80% off assets in common stocks of small-capitalization companies. May invest in foreign securities and derivatives.
<b>ING Strategic Allocation Portfolios, Inc. - ING VP Strategic Allocation Balanced Portfolio (Class I Shares)</b>	ING Investments, LLC  Subadviser: ING Investment Management Co.	Seeks to provide total return (i.e., income and capital appreciation, both realized and unrealized). Managed for investors seeking a balance between income and capital appreciation who generally have an investment horizon exceeding 10 years and a moderate level of risk tolerance. Under normal market conditions, allocates assets among several classes of equities, fixed-income securities (including up to 15% of total assets in high-yield instruments) and money market instruments. The benchmark portfolio is 60% equities, 35% fixed income and 5% money market instruments under neutral market conditions.



<b>Fund Name</b>	<b>Investment Adviser/ Subadviser</b>	<b>Investment Objective(s)/ Summary of Principal Investments</b>
<b>ING Strategic Allocation Portfolios, Inc. - ING VP Strategic Allocation Growth Portfolio (Class I Shares)</b>	ING Investments, LLC  Subadviser: ING Investment Management Co.	Seeks to provide capital appreciation. Managed for investors seeking capital appreciation who generally have an investment horizon exceeding 15 years and a high level of risk tolerance. Under normal market conditions, allocates assets among several classes of equities, fixed-income securities (including up to 15% of total assets in high-yield instruments) and money market instruments. The benchmark portfolio is 80% equities and 20% fixed income under neutral market conditions.
<b>ING Strategic Allocation Portfolios, Inc. - ING VP Strategic Allocation Income Portfolio (Class I Shares)</b>	ING Investments, LLC  Subadviser: ING Investment Management Co.	Seeks to provide total return consistent with preservation of capital. Managed for investors primarily seeking total return consistent with capital preservation who generally have an investment horizon exceeding 5 years and a low level of risk tolerance. Under normal market conditions, allocates assets among several classes of equities, fixed-income securities (including up to 15% of total assets in high-yield instruments) and money market instruments. The benchmark portfolio is 35% equities, 55% fixed income and 10% money market instruments under neutral market conditions.
<b>ING Variable Portfolios, Inc. - ING VP Value Opportunity Portfolio (Class I Shares)</b>	ING Investments, LLC  Subadviser: ING Investment Management Co.	Seeks growth of capital primarily through investment in a diversified portfolio of common stocks. Under normal market conditions, invests at least 65% of total assets in common stocks and American Depositary Receipts (ADR's). May invest the remaining 35% of its assets in other types of securities including foreign securities and securities of smaller companies.
<b>Lord Abbett Series Fund, Inc. - Growth and Income Portfolio (Class VC Shares)</b>	Lord, Abbett & Co. LLC (Lord Abbett)	Seeks long-term growth of capital and income without excessive fluctuations in market value. Primarily purchases equity securities of large, seasoned, U.S. and multinational companies that Lord Abbett believes are undervalued. Under normal circumstances, will invest at least 80% of net assets in equity securities of large companies which are defined as companies having a market capitalization at the time of purchase that falls within the market capitalization range of companies in the Russell 1000 Index, a widely used benchmark for large-cap stock performance. Equity securities may include common stocks, preferred stocks, convertible securities, warrants, and similar instruments.

<b>Fund Name</b>	<b>Investment Adviser/ Subadviser</b>	<b>Investment Objective(s)/ Summary of Principal Investments</b>
<b>Lord Abnett Series Fund, Inc. - Mid-Cap Value Portfolio (Class VC Shares)</b>	Lord, Abnett & Co. LLC (Lord Abnett)	Seeks capital appreciation through investments, primarily in equity securities, which are believed to be undervalued in the marketplace. Normally invests at least 80% of net assets, plus the amount of any borrowings for investment purposes, in equity securities of mid-sized companies which are defined as companies having a market capitalization at the time of purchase that falls within the market capitalization range of companies in the Russell Mid Cap Index, a widely used benchmark for mid-cap stock performance. The Fund will provide shareholders with at least 60 days' notice of any change in this policy. Equity securities may include common stocks, convertible bonds, convertible preferred stocks, warrants and similar instruments.
<b>Pioneer Variable Contracts Trust - Pioneer Equity Income VCT Portfolio (Class I Shares)</b>	Pioneer Investment Management, Inc.	Seeks current income and long-term growth of capital from a portfolio consisting primarily of income producing equity securities of U.S. corporations. Normally, the portfolio invests at least 80% of its total assets in income producing equity securities of U.S. issuers. The income producing equity securities in which the portfolio may invest include common stocks, preferred stocks and interests in real estate investment trusts (REITs). The remainder of the portfolio may be invested in debt securities, most of which are expected to be convertible into common stocks.
<b>Pioneer Variable Contracts Trust - Pioneer Fund VCT Portfolio (Class I Shares)</b>	Pioneer Investment Management, Inc.	Seeks reasonable income and capital growth. Invests in a broad list of carefully selected, reasonably priced securities rather than in securities whose prices reflect a premium resulting from their current market popularity. The portfolio invests the major portion of its assets in equity securities, primarily of U.S. issuers. For purposes of the portfolio's investment policies, equity securities include common stocks, convertible debt and other equity instruments, such as depositary receipts, warrants, rights, interests in real estate investment trusts (REITs) and preferred stocks.
<b>Pioneer Variable Contracts Trust - Pioneer Mid Cap Value VCT Portfolio (Class I Shares)</b>	Pioneer Investment Management, Inc.	Seeks capital appreciation by investing in a diversified portfolio of securities consisting primarily of common stocks. Normally, invests at least 80% of total assets in equity securities of mid-size companies, that is, companies with market values within the range of market values of companies included in the Russell Midcap® Value Index.

## Appendix III

### Calculation of Present Value of Remaining Guaranteed Variable or Fixed Income Payments

---

To the extent that the contracts allow for the full or partial withdrawal of the present value of remaining guaranteed variable or fixed income payments, the present value for each will be calculated as follows:

#### Withdrawals - Variable Income

The present value of remaining guaranteed variable income payments is calculated as follows:

$$\text{Present Value} = [ \text{Units} \times \text{Current Unit Value} ] \times \text{Annuity Factor}$$

Where Annuity Factor equals:

$$\text{Annuity Factor} = [ ( 1 - v^n ) / d ] \times \{ 1 / [ ( 1 + i ) ^ { ( b / ( 365 / m ) ) } ] \}$$

Notes:  $[ ( 1 - v^n ) / d ]$  is the present value of \$1 / mode with the first payment due immediately.

$\{ 1 / [ ( 1 + i ) ^ { ( b / ( 365 / m ) ) } ] \}$  is a discount factor representing the time value difference between a the first payment being due immediately and the actual number of days before the first payment is due.

Where:

$$i = ( 1 + \text{AIR} ) ^ { ( 1 / \text{mode} )}$$

$$v = 1 / ( 1 + i )$$

$$d = i / ( 1 + i )$$

n = number of remaining guaranteed payments

m = number of payments per year (mode)

b = days until the next scheduled payment

This is calculated for each fund held and summed for a total present value amount.

## Withdrawals - Fixed Income

The present value of remaining guaranteed fixed income payments is calculated as follows:

$$\text{Present Value} = \text{Fixed Benefit} \times \text{Annuity Factor}$$

Where Annuity Factor equals:

$$\text{Annuity Factor} = \left[ (1 - v^n) / d \right] \times \left\{ 1 / \left[ (1 + i)^{b / (365 / m)} \right] \right\}$$

Notes:  $\left[ (1 - v^n) / d \right]$  is the present value of \$1 / mode with the first payment due immediately.

$\left\{ 1 / \left[ (1 + i)^{b / (365 / m)} \right] \right\}$  is a discount factor representing the time value difference between a the first payment being due immediately and the actual number of days before the first payment is due.

Where:

$$i = (1 + \text{adjusted contract rate})^{(1 / \text{mode})}$$

$$v = 1 / (1 + i)$$

$$d = i / (1 + i)$$

n = number of remaining guaranteed payments

m = number of payments per year (mode)

b = days until the next scheduled payment

## Examples

### Withdrawal (assuming variable income with one fund)

The present value of remaining guaranteed variable income payments is calculated as follows (assumes 24 remaining monthly payments will be fully withdrawn):

Let Units = 10 and Current Unit Value = \$15,

$$\text{Present Value} = 10 \times \$15 \times 22.8516 = \$3,427.73$$

Where Annuity Factor equals:

$$\left[ (1 - 0.995942^{24}) / 0.004058 \right] \times \left\{ 1 / \left[ (1 + 0.004074)^{(20 / (365 / 12))} \right] \right\} = 22.8516$$

Where:

Let AIR = 5%

$$i = (1 + 0.05)^{(1 / 12)} = 0.004074$$

$$v = 1 / (1 + 0.004074) = 0.995942$$

$$d = 0.004074 / (1 + 0.004074) = 0.004058$$

$$n = 24$$

$$m = 12$$

$$b = 20$$

Withdrawals (assuming fixed income)

The present value of remaining guaranteed fixed income payments is calculated as follows (assumes 24 remaining monthly payments will be fully withdrawn) (using equivalent assumptions as the variable example to see the similarity):

Let Fixed Benefit = \$150,

Present Value = \$150 x 22.8516 = \$3,427.73

Where Annuity Factor equals:

$$\left[ (1 - 0.995942)^{24} \right] / 0.004058 \times \left\{ 1 / \left[ (1 + 0.004074)^{(20 / (365 / 12))} \right] \right\} \\ = 22.8516$$

Where:

Let the Adjusted Contract Rate = 5%

$$i = (1 + 0.05)^{(1 / 12)} = 0.004074$$

$$v = 1 / (1 + 0.004074) = 0.995942$$

$$d = 0.004074 / (1 + 0.004074) = 0.004058$$

$$n = 24$$

$$m = 12$$

$$b = 20$$



***FOR MASTER APPLICATIONS ONLY***

---

*I hereby acknowledge receipt of an Account C prospectus dated April 29, 2005, as well as all current prospectuses for the funds available under the Contracts.*

*\_\_\_\_\_ Please send an Account C Statement of Additional Information (Form No. SAI.109622-05) dated April 29, 2005.*

---

**CONTRACT HOLDER'S SIGNATURE**

---

**DATE**

# **APPENDIX IV** **CONDENSED FINANCIAL INFORMATION**

**TABLE I**  
**FOR CONTRACTS WITH TOTAL SEPARATE ACCOUNT CHARGES OF 0.95%**  
**(Selected data for annuity units outstanding throughout each period)**

	<u>Assumed Annual</u> <u>Net Return Rate of 3.50%</u> <u>(unaudited)</u> <u>2004</u>	<u>Assumed Annual</u> <u>Net Return Rate of 5.00%</u> <u>(unaudited)</u> <u>2004</u>
<b>AIM V.I. CAPITAL APPRECIATION FUND</b> (Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.07	\$10.07
Value at end of period	\$10.04	\$9.90
<b>AIM V.I. CORE EQUITY FUND</b> (Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.03	\$10.03
Value at end of period	\$10.39	\$10.24
<b>CALVERT SOCIAL BALANCED PORTFOLIO</b> (Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.03	\$10.03
Value at end of period	\$10.27	\$10.13
<b>FIDELITY® VIP CONTRAFUND® PORTFOLIO</b> (Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.02	\$10.02
Value at end of period	\$10.95	\$10.80
<b>FIDELITY® VIP EQUITY-INCOME PORTFOLIO</b> (Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.03	\$10.03
Value at end of period	\$10.57	\$10.43
<b>FIDELITY® VIP GROWTH PORTFOLIO</b> (Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.08	\$10.08
Value at end of period	\$9.55	\$9.41
<b>FRANKLIN SMALL CAP VALUE SECURITIES FUND</b> (Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.02	\$10.02
Value at end of period	\$11.81	\$11.64



## Condensed Financial Information (continued)

	<u>Assumed Annual</u> <u>Net Return Rate of 3.50%</u> <u>(unaudited)</u> <u>2004</u>	<u>Assumed Annual</u> <u>Net Return Rate of 5.00%</u> <u>(unaudited)</u> <u>2004</u>
<b>ING AMERICAN CENTURY LARGE COMPANY VALUE PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.04	\$10.04
Value at end of period	\$10.31	\$10.17
<b>ING AMERICAN CENTURY SMALL CAP VALUE PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.06	\$10.06
Value at end of period	\$11.40	\$11.24
<b>ING BARON SMALL CAP GROWTH PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.05	\$10.05
Value at end of period	\$12.14	\$11.97
<b>ING FUNDAMENTAL RESEARCH PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.05	\$10.05
Value at end of period	\$10.46	\$10.31
<b>ING GOLDMAN SACHS® CAPITAL GROWTH PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.03	\$10.03
Value at end of period	\$10.33	\$10.18
<b>ING JPMORGAN FLEMING INTERNATIONAL PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.01	\$10.01
Value at end of period	\$11.07	\$10.92
<b>ING JPMORGAN MID CAP VALUE PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.04	\$10.04
Value at end of period	\$11.34	\$11.34
<b>ING MFS CAPITAL OPPORTUNITIES PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.04	\$10.04
Value at end of period	\$10.57	\$10.42
<b>ING OPCAP BALANCED VALUE PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.01	\$10.01
Value at end of period	\$10.47	\$10.32
<b>ING PIMCO TOTAL RETURN PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.00	\$10.00
Value at end of period	\$9.96	\$9.76

## Condensed Financial Information (continued)

	<u>Assumed Annual</u> <u>Net Return Rate of 3.50%</u> <u>(unaudited)</u> <u>2004</u>	<u>Assumed Annual</u> <u>Net Return Rate of 5.00%</u> <u>(unaudited)</u> <u>2004</u>
<b>ING SALOMON BROTHERS AGGRESSIVE GROWTH PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.02	\$10.02
Value at end of period	\$10.15	\$10.01
<b>ING SALOMON BROTHERS FUNDAMENTAL VALUE PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.08	\$10.08
Value at end of period	\$10.02	\$9.88
<b>ING T. ROWE PRICE DIVERSIFIED MID CAP GROWTH PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.07	\$10.07
Value at end of period	\$9.94	\$9.80
<b>ING T. ROWE PRICE GROWTH EQUITY PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.01	\$10.01
Value at end of period	\$10.40	\$10.25
<b>ING UBS U.S. LARGE CAP EQUITY PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.06	\$10.06
Value at end of period	\$10.78	\$10.63
<b>ING VAN KAMPEN COMSTOCK PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.04	\$10.04
Value at end of period	\$11.04	\$10.88
<b>ING VP BALANCED PORTFOLIO, INC.</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.03	\$10.03
Value at end of period	\$10.36	\$10.21
<b>ING VP GROWTH AND INCOME PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.04	\$10.04
Value at end of period	\$10.25	\$10.11
<b>ING VP GROWTH PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.04	\$10.04
Value at end of period	\$10.02	\$9.88
<b>ING VP INDEX PLUS LARGE CAP PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.05	\$10.05
Value at end of period	\$10.49	\$10.35

## Condensed Financial Information (continued)

	<u>Assumed Annual Net Return Rate of 3.50% (unaudited) 2004</u>	<u>Assumed Annual Net Return Rate of 5.00% (unaudited) 2004</u>
<b>ING VP INDEX PLUS MIDCAP PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.05	\$10.05
Value at end of period	\$11.03	\$10.87
<b>ING VP INDEX PLUS SMALLCAP PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.09	\$10.09
Value at end of period	\$11.50	\$11.34
<b>ING VP INTERMEDIATE BOND PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.00	\$10.00
Value at end of period	\$9.94	\$9.80
<b>ING VP INTERNATIONAL EQUITY PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.00	\$10.00
Value at end of period	\$10.95	\$10.80
<b>ING VP INTERNATIONAL VALUE PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$9.95	\$9.95
Value at end of period	\$10.96	\$10.81
<b>ING VP MAGNACAP PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.03	\$10.03
Value at end of period	\$10.39	\$10.25
<b>ING VP MONEY MARKET PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.00	\$10.00
Value at end of period	\$9.68	\$9.55
<b>ING VP SMALL COMPANY PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.14	\$10.14
Value at end of period	\$10.67	\$10.52
<b>ING VP STRATEGIC ALLOCATION BALANCED PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.04	\$10.04
Value at end of period	\$10.45	\$10.30
<b>ING VP STRATEGIC ALLOCATION GROWTH PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.03	\$10.03
Value at end of period	\$10.60	\$10.46

## Condensed Financial Information (continued)

	<u>Assumed Annual Net Return Rate of 3.50% (unaudited) 2004</u>	<u>Assumed Annual Net Return Rate of 5.00% (unaudited) 2004</u>
<b>ING VP STRATEGIC ALLOCATION INCOME PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.03	\$10.03
Value at end of period	\$10.25	\$10.10
<b>ING VP VALUE OPPORTUNITY PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.03	\$10.03
Value at end of period	\$10.51	\$10.36
<b>LORD ABBETT SERIES FUND GROWTH AND INCOME PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.04	\$10.04
Value at end of period	\$10.69	\$10.54
<b>LORD ABBETT SERIES FUND MID-CAP VALUE PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.07	\$10.07
Value at end of period	\$11.85	\$11.68
<b>PIONEER EQUITY INCOME VCT PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.01	\$10.01
Value at end of period	\$11.15	\$10.99
<b>PIONEER FUND VCT PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.04	\$10.04
Value at end of period	\$10.61	\$10.47
<b>PIONEER MID CAP VALUE VCT PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.05	\$10.05
Value at end of period	\$11.61	\$11.45

## Condensed Financial Information (continued)

**TABLE II**  
**FOR CONTRACTS WITH TOTAL SEPARATE ACCOUNT CHARGES OF 1.95%**  
**(Selected data for annuity units outstanding throughout each period)**

	<u>Assumed Annual</u> <u>Net Return Rate of 3.50%</u> <u>(unaudited)</u> <u>2004</u>	<u>Assumed Annual</u> <u>Net Return Rate of 5.00%</u> <u>(unaudited)</u> <u>2004</u>
<b>AIM V.I. CORE EQUITY FUND</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.03	\$10.03
Value at end of period	\$10.28	\$10.14
<b>CALVERT SOCIAL BALANCED PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.03	\$10.03
Value at end of period	\$10.17	\$10.03
<b>FIDELITY® VIP EQUITY-INCOME PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.03	\$10.03
Value at end of period	\$10.47	\$10.32
<b>ING AMERICAN CENTURY LARGE COMPANY VALUE PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.04	\$10.04
Value at end of period	\$10.21	\$10.07
<b>ING FUNDAMENTAL RESEARCH PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.05	\$10.04
Value at end of period	\$10.35	\$10.21
<b>ING OPCAP BALANCED VALUE PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.01	\$10.01
Value at end of period	\$10.36	\$10.22
<b>ING PIMCO TOTAL RETURN PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.00	\$9.99
Value at end of period	\$9.80	\$9.67
<b>ING UBS U.S. LARGE CAP EQUITY PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.06	\$10.06
Value at end of period	\$10.67	\$10.53
<b>ING VP BALANCED PORTFOLIO, INC.</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.03	\$10.03
Value at end of period	\$10.26	\$10.11

## Condensed Financial Information (continued)

	<u>Assumed Annual</u> <u>Net Return Rate of 3.50%</u> <u>(unaudited)</u> <u>2004</u>	<u>Assumed Annual</u> <u>Net Return Rate of 5.00%</u> <u>(unaudited)</u> <u>2004</u>
<b>ING VP GROWTH AND INCOME PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.04	\$10.04
Value at end of period	\$10.15	\$10.01
<b>ING VP INDEX PLUS LARGE CAP PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.05	\$10.05
Value at end of period	\$10.39	\$10.24
<b>ING VP INTERMEDIATE BOND PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.00	\$10.00
Value at end of period	\$9.84	\$9.70
<b>ING VP MONEY MARKET PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.00	\$9.99
Value at end of period	\$9.59	\$9.45
<b>ING VP STRATEGIC ALLOCATION BALANCED PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.03	\$10.03
Value at end of period	\$10.34	\$10.20
<b>ING VP STRATEGIC ALLOCATION GROWTH PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.03	\$10.03
Value at end of period	\$10.50	\$10.35
<b>ING VP STRATEGIC ALLOCATION INCOME PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.03	\$10.03
Value at end of period	\$10.14	\$10.00
<b>LORD ABBETT SERIES FUND GROWTH AND INCOME PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.04	\$10.03
Value at end of period	\$10.59	\$10.44
<b>PIONEER EQUITY INCOME VCT PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.01	\$10.01
Value at end of period	\$11.04	\$10.89
<b>PIONEER FUND VCT PORTFOLIO</b>		
(Funds were first received in this option during January 2004)		
Value at beginning of period	\$10.04	\$10.04
Value at end of period	\$10.51	\$10.36



<p style="text-align: center;"><b>VARIABLE ANNUITY ACCOUNT C</b> <b>OF</b> <b>ING LIFE INSURANCE AND ANNUITY COMPANY</b></p>
--

**Statement of Additional Information**  
**dated**  
**April 29, 2005**

**ING Flexible Income Annuity**

A Fixed and Variable, Single Premium, Group or Individual, Immediate Annuity Contract

This Statement of Additional Information is not a prospectus and should be read in conjunction with the current prospectus for Variable Annuity Account C (the separate account) dated April 29, 2005.

A free prospectus is available upon request from the local ING Life Insurance and Annuity Company office or by writing to or calling:

USFS Customer Service Center  
151 Farmington Avenue  
Hartford, Connecticut 06156  
1-800-238-6273

Read the prospectus before you invest. Terms used in this Statement of Additional Information shall have the same meaning as in the prospectus.

**TABLE OF CONTENTS**

	<b>Page</b>
General Information and History	2
Variable Annuity Account C	2
Offering and Purchase of Contract	3
Income Payments	4
Sales Material and Advertising	5
Independent Registered Public Accounting Firm	5
Financial Statements of the Separate Account	S-1
Consolidated Financial Statements of ING Life Insurance and Annuity Company	C-1



## **GENERAL INFORMATION AND HISTORY**

ING Life Insurance and Annuity Company (the "Company," we, us, our) is a stock life insurance company which was organized under the insurance laws of the State of Connecticut in 1976. Prior to May 1, 2002, the Company was known as Aetna Life Insurance and Annuity Company. Through a merger, it succeeded to the business of Aetna Variable Annuity Life Insurance Company (formerly Participating Annuity Life Insurance Company organized in 1954).

As of December 31, 2004, the Company and its subsidiary life company had \$53 billion invested through their products, including \$34 billion in their separate accounts (of which the Company, or its affiliate ING Investments, LLC manages or oversees the management of \$19 billion). The Company is ranked based on assets among the top 5% of all life and health insurance companies rated by A.M. Best Company as of July 16, 2004.

The Company is an indirect subsidiary of ING Groep N.V., a global financial institution active in the fields of insurance, banking and asset management. The Company is engaged in the business of issuing life insurance policies and annuity contracts. Our Home Office is located at 151 Farmington Avenue, Hartford, Connecticut 06156.

In addition to serving as the depositor for the separate account, the Company is a registered investment adviser under the Investment Advisers Act of 1940. We provide investment advice to several of the registered management investment companies offered as variable investment options under the contracts funded by the separate account (see "Variable Annuity Account C" below).

Other than the mortality and expense risk charge and administrative expense charge, if any, described in the prospectus, all expenses incurred in the operations of the separate account are borne by the Company. However, the Company does receive compensation for certain administrative or distribution costs from the funds or affiliates of the funds used as funding options under the contract. (See "Fees" in the prospectus.)

The assets of the separate account are held by the Company. The separate account has no custodian. However, the funds in whose shares the assets of the separate account are invested each have custodians, as discussed in their respective prospectuses.

From this point forward, the term "contract(s)" refers only to those offered through the prospectus.

## **VARIABLE ANNUITY ACCOUNT C**

Variable Annuity Account C is a separate account established by the Company for the purpose of funding variable annuity contracts issued by the Company. The separate account is registered with the Securities and Exchange Commission ("SEC") as a unit investment trust under the Investment Company Act of 1940, as amended. Purchase payments to accounts under the contract may be allocated to one or more of the subaccounts. Each subaccount invests in the shares of only one of the funds listed below. We may make additions to, deletions from or substitutions of available investment options as permitted by law and subject to the conditions of the contract. The availability of the funds is subject to applicable regulatory authorization. Not all funds are available in all jurisdictions, under all contracts, or under all plans.

The funds currently available under the contract are as follows:

AIM V.I. Capital Appreciation Fund (Series I) AIM V.I. Core Equity Fund (Series I) Calvert Social Balanced Portfolio Fidelity® VIP Contrafund® Portfolio (Initial Class) Fidelity® VIP Equity-Income Portfolio (Initial Class) Fidelity® VIP Growth Portfolio (Initial Class) Franklin Small Cap Value securities fund (Class 2) ING American Century Large Company Value Portfolio (Service Class)* ING American Century Select Portfolio (Initial Class) ING American Century Small Cap Value Portfolio (Service Class) ING Baron Small Cap Growth Portfolio (Service Class) ING Fundamental Research Portfolio (Service Class) ING Goldman Sachs® Capital Growth Portfolio (Service Class)** ING JPMorgan Fleming International Portfolio (Initial Class) ING JPMorgan Mid Cap Value Portfolio (Service Class) ING MFS Capital Opportunities Portfolio (Initial Class) ING OpCap Balanced Value Portfolio (Service Class) ING Oppenheimer Global Portfolio (Initial Class) ING Oppenheimer Strategic Income Portfolio (Initial Class) ING PIMCO Total Return Portfolio (Service Class) ING Salomon Brothers Aggressive Growth Portfolio (Initial Class) ING Salomon Brothers Fundamental Value Portfolio (Service Class) ING T. Rowe Price Diversified Mid Cap Growth Portfolio (Initial Shares)	ING T. Rowe Price Growth Equity Portfolio (Initial Class) ING UBS U.S. Large Cap Equity Portfolio (Initial Class) ING Van Kampen Comstock Portfolio (Service Class) ING Van Kampen Equity and Income Portfolio (Initial Class) ING VP Balanced Portfolio, Inc. (Class I) ING VP Growth and Income Portfolio (Class I) ING VP Growth Portfolio (Class I) ING VP Index Plus LargeCap Portfolio (Class I) ING VP Index Plus MidCap Portfolio (Class I) ING VP Index Plus SmallCap Portfolio (Class I) ING VP Intermediate Bond Portfolio (Class I)* ING VP International Equity Portfolio (Class I) ING VP International Value Portfolio (Class I) ING VP MagnaCap Portfolio (Class I) ING VP Money Market Portfolio (Class I) ING VP Small Company Portfolio (Class I) ING VP Strategic Allocation Balanced Portfolio (Class I) ING VP Strategic Allocation Growth Portfolio (Class I) ING VP Strategic Allocation Income Portfolio (Class I) ING VP Value Opportunity Portfolio (Class I) Lord Abbett Series Fund - Growth and Income Portfolio (Class VC) Lord Abbett Series Fund - Mid-Cap Value Portfolio (Class VC) Pioneer Equity Income VCT Portfolio (Class I) Pioneer Fund VCT Portfolio (Class I) Pioneer Mid Cap Value VCT Portfolio (Class I)
<p>* This fund has changed its name to the name listed above. See Appendix II – Description of Underlying Funds in the prospectus for a complete list of former and current fund names.</p> <p>** Goldman Sachs® is a registered service mark of Goldman, Sachs &amp; Co., and it is used by agreement with Goldman, Sachs &amp; Co.</p>	

A complete description of each of the funds, including their investment objectives, policies, risks and fees and expenses, is contained in each fund's prospectus and statement of additional information.

## OFFERING AND PURCHASE OF CONTRACT

The Company's subsidiary, ING Financial Advisers, LLC serves as the principal underwriter for the contracts. ING Financial Advisers, LLC, a Delaware limited liability company, is registered as a broker-dealer with the SEC. ING Financial Advisers, LLC is also a member of the National Association of Securities Dealers, Inc., and the Securities Investor Protection Corporation. ING Financial Advisers, LLC's principal office is located at 151 Farmington Avenue, Hartford, Connecticut 06156. The contracts are distributed through life insurance agents licensed to sell variable annuities who are registered representatives of ING Financial Advisers, LLC or of other registered broker-dealers who have entered into sales arrangements with ING Financial Advisers, LLC. The offering of the contracts is continuous. A description of the manner in which contracts are purchased may be found in the prospectus under the section entitled "Purchase."

Compensation paid to the principal underwriter, ING Financial Advisers, LLC, for the years ending December 31, 2004, 2003, and 2002 amounted to \$33,938,738.36, \$32,306,093, and \$28,823,475, respectively. These amounts reflect compensation paid to ING Financial Advisers, LLC attributable to regulatory and operating expenses associated with the distribution of all registered variable annuity products issued by Variable Annuity Account C of ING Life Insurance and Annuity Company.

## INCOME PAYMENTS

Your variable income payments will fluctuate as the annuity unit value(s) fluctuates with the investment experience of the selected subaccount(s). The first income payment and subsequent income payments also vary depending upon the assumed annual net return rate selected (3.5% or 5% per annum). Selection of a 5% rate causes a higher first income payment, but payments will increase thereafter only to the extent that the net investment rate increases by more than 5% on an annual basis. Income payments would decline if the rate failed to increase by 5%. Use of the 3.5% assumed rate causes a lower first income payment, but subsequent income payments would increase more rapidly or decline more slowly as changes occur in the net investment rate.

A fixed number of annuity units is determined in each of the designated subaccounts on the contract effective date. The number of annuity units, which generally does not change thereafter, is calculated by dividing (a) by (b), where (a) is the amount of the income payment as if the payment was calculated as of the contract effective date, and (b) is the annuity unit value for that investment option on the contract effective date. The first payment will be calculated as of the tenth valuation before the payment due date, which depends upon the payment frequency you have selected. As noted above, annuity unit values fluctuate from one valuation to the next (see "Calculating Variable Income Payments" in the prospectus); such fluctuations reflect changes in the net investment factor for the applicable subaccount(s) (with a ten valuation lag which gives the Company time to process payments) and a mathematical adjustment which offsets the assumed annual net return rate of 3.5% or 5% per annum.

The operation of all these factors can be illustrated by the following hypothetical example. These procedures will be performed separately for each subaccount selected.

### **EXAMPLE:**

Assume that you purchase a single premium immediate annuity contract with a \$50,000 premium. The payment option that you select has a payment factor of \$6.68 per \$1,000 of value applied. Also assume that no premium tax charge is payable.

If a payment was determined as of the contract effective date, that payment would be calculated by multiplying \$6.68 per \$1,000 by 50,000. This would produce an initial payment of \$334.00.

Assume that the value of the annuity unit on the contract effective date is 13.400000. The payment calculated as of the contract effective date is divided by the annuity unit value to determine the number of annuity units (that is,  $\$334.00 / 13.400000 = 24.925$  annuity units). The number of annuity units will generally remain constant over the term of your contract as determined by the income payment option you select. The value of each payment will be determined on the tenth valuation before the payment due date by multiplying the number of annuity units by that date's annuity unit value.

Payments will subsequently fluctuate depending upon the net investment performance that occurs between payment valuation dates less a factor that represents the assumed annual net return rate. This offsets the assumed annual net return rate built into the number of annuity units determined above.

Annuity unit values are calculated on a daily basis by multiplying the annuity unit value by the daily net return factor and by a factor to reflect the daily assumed annual net return rate. The factor for a 3.5% assumed annual net return rate is 0.9999058 and for 5.0% is 0.9998663. The new payment is calculated by multiplying the number of annuity units by the new annuity unit value.

## **SALES MATERIAL AND ADVERTISING**

We may illustrate the hypothetical values of income payments made from each of the subaccounts over certain time periods based on the historical net asset values of the funds. We may also advertise returns based on other fee schedules that apply to a particular contract holder. These fee schedules may result in higher returns than those shown.

We may also include hypothetical illustrations in our sales literature that explain the mathematical principles of compounded interest, tax deferred accumulation, and the mechanics of variable annuity contracts. We may also discuss the difference between variable annuity contracts and savings or investment products such as personal savings accounts and certificates of deposit.

We may publish in advertisements and reports, the ratings and other information assigned to us by one or more independent rating organizations such as A.M. Best Company, Duff & Phelps, Standard & Poor's Corporation and Moody's Investors Service, Inc. The purpose of the ratings is to reflect our financial strength and/or claims-paying ability. We may also quote ranking services such as Morningstar's Variable Annuity/Life Performance Report and Lipper's Variable Insurance Products Performance Analysis Service (VIPPAS), which rank variable annuity or life subaccounts or their underlying funds by performance and/or investment objective. We may illustrate in advertisements the performance of the underlying funds, if accompanied by performance which also shows the performance of such funds reduced by applicable charges under the separate account. We may categorize funds in terms of the asset classes they represent and use such categories in marketing materials for the contracts. We may also show in advertisements the portfolio holdings of the underlying funds, updated at various intervals. From time to time, we will quote articles from newspapers and magazines or other publications or reports such as The Wall Street Journal, Money Magazine, USA Today and The VARDS Report.

We may provide in advertising, sales literature, periodic publications or other materials, information on various topics of interest to current and prospective contract holders. These topics may include the relationship between sectors of the economy and the economy as a whole and its effect on various securities markets, investment strategies and techniques (such as value investing, market timing, asset allocation, constant ratio transfer and account rebalancing), the advantages and disadvantages of investing in tax-deferred and taxable investments, customer profiles and hypothetical purchase and investment scenarios, financial management and tax and retirement planning, and investment alternatives to certificates of deposit and other financial instruments, including comparison between the contracts and the characteristics of and market for such financial instruments.

## **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP, 600 Peachtree Street, Suite 2800, Atlanta, GA 30308, is the independent registered public accounting firm for the separate account and for the Company. The services provided to the separate account include primarily the audit of the separate account's financial statements.

**FINANCIAL STATEMENTS**  
**ING Life Insurance and Annuity Company**  
**Variable Annuity Account C**  
*Year ended December 31, 2004*  
*with Report of Independent Registered Public Accounting Firm*

This page intentionally left blank.

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Financial Statements**  
**Year ended December 31, 2004**

**Contents**

Report of Independent Registered Public Accounting Firm	1
Audited Financial Statements	
Statements of Assets and Liabilities	4
Statements of Operations	33
Statements of Changes in Net Assets	63
Notes to Financial Statements	101

This page intentionally left blank.



## Report of Independent Registered Public Accounting Firm

The Board of Directors and Participants  
ING Life Insurance and Annuity Company

We have audited the accompanying statements of assets and liabilities of ING Life Insurance and Annuity Company Variable Annuity Account C (the "Account") as of December 31, 2004, and the related statements of operations and changes in net assets for the periods disclosed in the financial statements. These financial statements are the responsibility of the Account's management. Our responsibility is to express an opinion on these financial statements based on our audits. The Account is comprised of the following Divisions:

AIM Growth Series:

- AIM Health Sciences Fund - Investor Class
- AIM Mid Cap Core Equity Fund - Class A
- AIM Small Cap Growth Fund - Class A

AIM Variable Insurance Funds:

- AIM V.I. Capital Appreciation Fund - Series I
- AIM V.I. Core Equity Fund - Series I
- AIM V.I. Growth Fund - Series I
- AIM V.I. Premier Equity Fund - Series I

Alliance Bernstein Variable Products Series Fund, Inc.:

- Alliance Bernstein Growth and Income Fund - Class A
- Alliance Bernstein Growth and Income Portfolio

American Balanced Fund® - Class R-3\*\*

American Century® Income & Growth Fund-Advisor Class

Ariel Investment Trust:

- Ariel Appreciation Fund
- Ariel Fund

Baron Asset Fund

Baron Growth Fund

Calvert Variable Series, Inc.:

- Calvert Social Balanced Portfolio

EuroPacific Growth Fund® - Class R-3

EuroPacific Growth Fund® - Class R-4

Evergreen Special Values Fund - Class A

Fidelity® Advisor Mid Cap Fund - Class T

Fidelity® Variable Insurance Products:

- Fidelity® VIP Contrafund® Portfolio - Initial Class
- Fidelity® VIP Equity-Income Portfolio - Initial Class
- Fidelity® VIP Growth Portfolio - Initial Class
- Fidelity® VIP High Income Portfolio-Initial Class
- Fidelity® VIP *Asset Manager*<sup>SM</sup> Portfolio - Initial Class

Fidelity® Variable Insurance Products (continued):

- Fidelity® VIP Overseas Portfolio-Initial Class

Franklin Strategic Series:

- Franklin Small-Mid Cap Growth Fund - Class A

Franklin Templeton Variable Insurance Products Trust:

- Franklin Small Cap Value Securities Fund-Class 2

The Growth Fund of America® - Class R-3

The Growth Fund of America® - Class R-4

The Income Fund of America® - Class R-3

ING GET Fund:

- ING GET Fund - Series D
- ING GET Fund - Series E
- ING GET Fund - Series G
- ING GET Fund - Series H
- ING GET Fund - Series I
- ING GET Fund - Series J
- ING GET Fund - Series K
- ING GET Fund - Series L
- ING GET Fund - Series Q
- ING GET Fund - Series S

ING VP Balanced Portfolio, Inc. - Class I

ING VP Emerging Markets Fund

ING VP Intermediate Bond Portfolio - Class I

ING VP Money Market Portfolio - Class I

ING VP Natural Resources Trust

ING Investors Trust:

- ING Julius Baer Foreign Portfolio - Service Class

- ING MFS Total Return Portfolio - Service Class

- ING T. Rowe Price Equity Income Portfolio - Service Class

ING Partners, Inc.:

- ING Aeltus Enhanced Index Portfolio - Service Class

- ING American Century Select Portfolio - Service Class

ING Partners, Inc. (continued):

ING American Century Small Cap Value Portfolio - Service Class  
ING Baron Small Cap Growth Portfolio - Service Class  
ING Goldman Sachs® Capital Growth Portfolio - Service Class  
ING JPMorgan International Portfolio - Initial Class  
ING JPMorgan Mid Cap Value Portfolio - Service Class  
ING MFS Capital Opportunities Portfolio - Initial Class  
ING OpCap Balanced Value Portfolio - Service Class  
ING Oppenheimer Global Portfolio - Service Class  
ING PIMCO Total Return Portfolio - Service Class  
ING Salomon Brothers Aggressive Growth Portfolio - Initial Class  
ING Salomon Brothers Aggressive Growth Portfolio - Service Class  
ING Salomon Brothers Fundamental Value Portfolio - Service Class  
ING Salomon Brothers Investors Value Portfolio - Service Class  
ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class  
ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Service Class  
ING T. Rowe Price Growth Equity Portfolio - Initial Class  
ING T. Rowe Price Growth Equity Portfolio - Service Class  
ING UBS U.S. Large Cap Equity Portfolio - Initial Class  
ING Van Kampen Comstock Portfolio - Service Class  
ING Van Kampen Equity and Income Portfolio - Service Class  
ING Strategic Allocation Portfolios, Inc.:  
ING VP Strategic Allocation Balanced Portfolio - Class I  
ING VP Strategic Allocation Growth Portfolio - Class I  
ING VP Strategic Allocation Income Portfolio - Class I  
ING Financial Services Fund - Class A  
ING Variable Funds:  
ING VP Growth and Income Portfolio - Class I  
ING Variable Insurance Trust:  
ING GET US Core Portfolio - Series 1  
ING GET US Core Portfolio - Series 2  
ING GET US Core Portfolio - Series 3  
ING GET US Core Portfolio - Series 5  
ING GET US Core Portfolio - Series 6  
ING GET US Core Portfolio - Series 7

ING GNMA Income Fund - Class A  
ING Intermediate Bond Fund - Class A  
ING Variable Portfolios, Inc.:  
ING VP Global Science and Technology Portfolio - Class I  
ING VP Growth Portfolio - Class I  
ING VP Index Plus LargeCap Portfolio - Class I  
ING VP Index Plus MidCap Portfolio - Class I  
ING VP Index Plus SmallCap Portfolio - Class I  
ING VP International Equity Portfolio - Class I  
ING VP Small Company Portfolio - Class I  
ING VP Value Opportunity Portfolio - Class I  
ING Variable Products Trust:  
ING VP Financial Services Portfolio - Class I  
ING VP Growth Opportunities Portfolio - Class I  
ING VP International Value Portfolio - Class I  
ING VP MagnaCap Portfolio - Class I  
ING VP MidCap Opportunities Portfolio-Class I  
ING VP Real Estate Portfolio - Class I  
ING VP SmallCap Opportunities Portfolio-Class I  
ING Real Estate Fund - Class A  
Janus Advisor Series Balanced Fund - Class I  
Janus Aspen Series:  
Janus Aspen Balanced Portfolio-Institutional Shares  
Janus Aspen Capital Appreciation Portfolio-Service Shares  
Janus Aspen Flexible Income Portfolio-Institutional Shares  
Janus Aspen Growth Portfolio-Institutional Shares  
Janus Aspen Mid Cap Growth Portfolio-Institutional Shares  
Janus Aspen Worldwide Growth Portfolio-Institutional Shares  
Janus Twenty Fund  
Lord Abbett Affiliated Fund - Class A  
Lord Abbett Series Fund, Inc.:  
Lord Abbett Growth and Income Portfolio – Class VC  
Lord Abbett Mid-Cap Value Portfolio-Class VC  
Lord Abbett Mid Cap Value Fund - Class A  
Lord Abbett Small-Cap Value Fund - Class A  
Massachusetts Investors Growth Stock Fund - Class A  
MFS® Variable Insurance Trust<sup>SM</sup>:  
MFS® Total Return Series-Initial Class  
Moderate Allocation Portfolio  
Mutual Discovery Fund - Class R  
New Perspective Fund® - Class R-3  
New Perspective Fund® - Class R-4  
Oppenheimer Capital Appreciation Fund - Class A  
Oppenheimer Developing Markets Fund - Class A  
Oppenheimer Global Fund - Class A  
Oppenheimer Main Street Fund® - Class A

Oppenheimer Variable Account Funds:  
     Oppenheimer Aggressive Growth Fund/VA  
     Oppenheimer Global Securities Fund/VA  
     Oppenheimer Main Street® Fund/VA  
     Oppenheimer Main Street® Small Cap Fund/VA  
     Oppenheimer Strategic Bond Fund/VA  
 Pax World Balanced Fund, Inc.  
 PIMCO NFJ Small-Cap Value Fund - Class A  
 PIMCO VIT Real Return Portfolio - Admin Class  
 Pioneer High Yield Fund - Class A  
 Pioneer Variable Contracts Trust:  
     Pioneer Equity Income VCT Portfolio-Class I  
     Pioneer Fund - Class A  
     Pioneer Fund VCT Portfolio-Class I  
     Pioneer High Yield VCT Portfolio - Class I  
     Pioneer Mid Cap Value VCT Portfolio-Class I

Scudder Equity 500 Index Fund  
 T. Rowe Price Mid-Cap Value Fund - R Class  
 Templeton Foreign Fund - Class A  
 Templeton Growth Fund, Inc. - Class A  
 Templeton Income Trust:  
     Templeton Global Bond Fund - Class A  
 UBS U.S. Small Cap Growth Fund - Class A  
 Vanguard® 500 Index Fund - Investor Shares  
 Vanguard® Variable Insurance Fund - Equity Income  
     Portfolio  
 Wangers Advisors Trust:  
     Wanger Select  
     Wanger U.S. Smaller Companies  
 Washington Mutual Investors Fund<sup>SM</sup> - Class R-3  
 Washington Mutual Investors Fund<sup>SM</sup> - Class R-4

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Account's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Account's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures also included confirmation of securities owned as of December 31, 2004, by correspondence with the transfer agents. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each of the Divisions comprising the ING Life Insurance and Annuity Company Variable Annuity Account C at December 31, 2004, and the results of their operations and changes in their net assets for the periods disclosed in the financial statements, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Atlanta, Georgia  
 March 15, 2005

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<u>AIM Health Sciences</u>	<u>AIM Mid Cap Core Equity</u>	<u>AIM Small Cap Growth</u>	<u>AIM V.I. Capital Appreciation</u>	<u>AIM V.I. Core Equity</u>	<u>AIM V.I. Growth</u>
<b>Assets</b>						
Investments in mutual funds						
at fair value	\$ 21	\$ 196	\$ -	\$ 20,524	\$ 38,313	\$ 17,595
Total assets	<u>21</u>	<u>196</u>	<u>-</u>	<u>20,524</u>	<u>38,313</u>	<u>17,595</u>
Net assets	<u>\$ 21</u>	<u>\$ 196</u>	<u>\$ -</u>	<u>\$ 20,524</u>	<u>\$ 38,313</u>	<u>\$ 17,595</u>
<b>Net assets</b>						
Accumulation units	\$ 21	\$ 196	\$ -	\$ 20,524	\$ 38,301	\$ 17,595
Contracts in payout (annuitization)						
period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>-</u>
Total net assets	<u>\$ 21</u>	<u>\$ 196</u>	<u>\$ -</u>	<u>\$ 20,524</u>	<u>\$ 38,313</u>	<u>\$ 17,595</u>
 Total number of shares	 <u>414</u>	 <u>6,857</u>	 <u>2</u>	 <u>904,542</u>	 <u>1,695,267</u>	 <u>1,096,276</u>
 Cost of shares	 <u>\$ 19</u>	 <u>\$ 194</u>	 <u>\$ -</u>	 <u>\$ 20,726</u>	 <u>\$ 41,023</u>	 <u>\$ 17,571</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>AIM V.I. Premier Equity</b>	<b>Alliance- Bernstein Growth and Income Fund</b>	<b>Alliance- Bernstein Growth and Income Portfolio</b>	<b>American Balanced Fund®</b>	<b>American Century® Income &amp; Growth</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 19,636	\$ 22	\$ 50	\$ 1,269	\$ 4,389
Total assets	<u>19,636</u>	<u>22</u>	<u>50</u>	<u>1,269</u>	<u>4,389</u>
Net assets	<u>\$ 19,636</u>	<u>\$ 22</u>	<u>\$ 50</u>	<u>\$ 1,269</u>	<u>\$ 4,389</u>
<b>Net assets</b>					
Accumulation units	\$ 19,632	\$ 22	\$ 50	\$ 1,269	\$ 4,389
Contracts in payout (annuitization)					
period	4	-	-	-	-
Total net assets	<u>\$ 19,636</u>	<u>\$ 22</u>	<u>\$ 50</u>	<u>\$ 1,269</u>	<u>\$ 4,389</u>
 Total number of shares	 <u>921,877</u>	 <u>5,877</u>	 <u>2,064</u>	 <u>70,681</u>	 <u>143,195</u>
 Cost of shares	 <u>\$ 20,241</u>	 <u>\$ 20</u>	 <u>\$ 48</u>	 <u>\$ 1,240</u>	 <u>\$ 3,840</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>Ariel Appreciation</b>	<b>Ariel</b>	<b>Baron Asset</b>	<b>Baron Growth</b>	<b>Calvert Social Balanced</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 192	\$ 154	\$ 135	\$ 392	\$ 66,170
Total assets	192	154	135	392	66,170
Net assets	<u>\$ 192</u>	<u>\$ 154</u>	<u>\$ 135</u>	<u>\$ 392</u>	<u>\$ 66,170</u>
<b>Net assets</b>					
Accumulation units	\$ 192	\$ 154	\$ 135	\$ 392	\$ 66,170
Contracts in payout (annuitization)					
period	-	-	-	-	-
Total net assets	<u>\$ 192</u>	<u>\$ 154</u>	<u>\$ 135</u>	<u>\$ 392</u>	<u>\$ 66,170</u>
 Total number of shares	 <u>4,037</u>	 <u>2,898</u>	 <u>2,564</u>	 <u>8,870</u>	 <u>35,347,158</u>
 Cost of shares	 <u>\$ 181</u>	 <u>\$ 147</u>	 <u>\$ 129</u>	 <u>\$ 344</u>	 <u>\$ 68,763</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>EuroPacific Growth Fund® - Class R-3</b>	<b>EuroPacific Growth Fund® - Class R-4</b>	<b>Evergreen Special Values</b>	<b>Fidelity® Advisor Mid Cap</b>	<b>Fidelity® VIP Contrafund®</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 553	\$ 16,360	\$ 47,554	\$ 423	\$ 743,262
Total assets	553	16,360	47,554	423	743,262
Net assets	<u>\$ 553</u>	<u>\$ 16,360</u>	<u>\$ 47,554</u>	<u>\$ 423</u>	<u>\$ 743,262</u>
<b>Net assets</b>					
Accumulation units	\$ 553	\$ 16,360	\$ 47,554	\$ 423	\$ 741,643
Contracts in payout (annuitization)					
period	-	-	-	-	1,619
Total net assets	<u>\$ 553</u>	<u>\$ 16,360</u>	<u>\$ 47,554</u>	<u>\$ 423</u>	<u>\$ 743,262</u>
 Total number of shares	 <u>15,680</u>	 <u>463,995</u>	 <u>1,730,508</u>	 <u>16,763</u>	 <u>27,921,192</u>
 Cost of shares	 <u>\$ 500</u>	 <u>\$ 14,989</u>	 <u>\$ 40,703</u>	 <u>\$ 380</u>	 <u>\$ 603,027</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>Fidelity® VIP Equity- Income</b>	<b>Fidelity® VIP Growth</b>	<b>Fidelity® VIP High Income</b>	<b>Fidelity® VIP Asset Manager<sup>SM</sup></b>	<b>Fidelity® VIP Index 500</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 405,088	\$ 377,338	\$ 5,210	\$ 20,327	\$ 116,763
Total assets	<u>405,088</u>	<u>377,338</u>	<u>5,210</u>	<u>20,327</u>	<u>116,763</u>
Net assets	<u>\$ 405,088</u>	<u>\$ 377,338</u>	<u>\$ 5,210</u>	<u>\$ 20,327</u>	<u>\$ 116,763</u>
<b>Net assets</b>					
Accumulation units	\$ 404,293	\$ 376,917	\$ 5,117	\$ 20,327	\$ 116,763
Contracts in payout (annuitization)					
period	<u>795</u>	<u>421</u>	<u>93</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ 405,088</u>	<u>\$ 377,338</u>	<u>\$ 5,210</u>	<u>\$ 20,327</u>	<u>\$ 116,763</u>
 Total number of shares	 <u>15,967,213</u>	 <u>11,788,138</u>	 <u>744,340</u>	 <u>1,368,853</u>	 <u>847,641</u>
 Cost of shares	 <u>\$ 360,265</u>	 <u>\$ 473,572</u>	 <u>\$ 4,992</u>	 <u>\$ 20,453</u>	 <u>\$ 114,106</u>

*The accompanying notes are an integral part of these financial statements.*



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>Fidelity® VIP Overseas</b>	<b>Franklin Small-Mid Cap Growth</b>	<b>Franklin Small Cap Value Securities</b>	<b>The Growth Fund of America® - Class R-3</b>	<b>The Growth Fund of America® - Class R-4</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 41,057	\$ 70	\$ 50,132	\$ 1,320	\$ 51,341
Total assets	<u>41,057</u>	<u>70</u>	<u>50,132</u>	<u>1,320</u>	<u>51,341</u>
Net assets	<u>\$ 41,057</u>	<u>\$ 70</u>	<u>\$ 50,132</u>	<u>\$ 1,320</u>	<u>\$ 51,341</u>
<b>Net assets</b>					
Accumulation units	\$ 41,057	\$ 70	\$ 49,829	\$ 1,320	\$ 51,341
Contracts in payout (annuitization)					
period	-	-	303	-	-
Total net assets	<u>\$ 41,057</u>	<u>\$ 70</u>	<u>\$ 50,132</u>	<u>\$ 1,320</u>	<u>\$ 51,341</u>
 Total number of shares	 <u>2,343,408</u>	 <u>2,041</u>	 <u>3,203,324</u>	 <u>48,724</u>	 <u>1,885,457</u>
 Cost of shares	 <u>\$ 36,421</u>	 <u>\$ 62</u>	 <u>\$ 42,958</u>	 <u>\$ 1,235</u>	 <u>\$ 47,803</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>The Income Fund of America® - Class R-3</b>	<b>ING GET Fund - Series H</b>	<b>ING GET Fund - Series I</b>	<b>ING GET Fund - Series J</b>	<b>ING GET Fund - Series K</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 110	\$ 13,499	\$ 770	\$ 351	\$ 1,349
Total assets	110	13,499	770	351	1,349
Net assets	<u>\$ 110</u>	<u>\$ 13,499</u>	<u>\$ 770</u>	<u>\$ 351</u>	<u>\$ 1,349</u>
<b>Net assets</b>					
Accumulation units	\$ 110	\$ 13,499	\$ 770	\$ 351	\$ 1,349
Contracts in payout (annuitization)					
period	-	-	-	-	-
Total net assets	<u>\$ 110</u>	<u>\$ 13,499</u>	<u>\$ 770</u>	<u>\$ 351</u>	<u>\$ 1,349</u>
 Total number of shares	 <u>5,936</u>	 <u>1,388,751</u>	 <u>78,920</u>	 <u>36,466</u>	 <u>136,680</u>
 Cost of shares	 <u>\$ 105</u>	 <u>\$ 13,999</u>	 <u>\$ 795</u>	 <u>\$ 366</u>	 <u>\$ 1,382</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>ING GET Fund - Series L</b>	<b>ING GET Fund - Series Q</b>	<b>ING GET Fund - Series S</b>	<b>ING VP Balanced</b>	<b>ING VP Emerging Markets</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 696	\$ 3,849	\$ 23,958	\$ 692,148	\$ 10,509
Total assets	696	3,849	23,958	692,148	10,509
Net assets	<u>\$ 696</u>	<u>\$ 3,849</u>	<u>\$ 23,958</u>	<u>\$ 692,148</u>	<u>\$ 10,509</u>
<b>Net assets</b>					
Accumulation units	\$ 696	\$ 3,849	\$ 23,958	\$ 664,329	\$ 10,509
Contracts in payout (annuitization)					
period	-	-	-	27,819	-
Total net assets	<u>\$ 696</u>	<u>\$ 3,849</u>	<u>\$ 23,958</u>	<u>\$ 692,148</u>	<u>\$ 10,509</u>
 Total number of shares	 <u>71,450</u>	 <u>371,157</u>	 <u>2,288,298</u>	 <u>51,652,804</u>	 <u>1,323,603</u>
 Cost of shares	 <u>\$ 719</u>	 <u>\$ 3,718</u>	 <u>\$ 22,968</u>	 <u>\$ 743,884</u>	 <u>\$ 9,273</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>ING VP Intermediate Bond</b>	<b>ING VP Money Market</b>	<b>ING VP Natural Resources</b>	<b>ING Julius Baer Foreign</b>	<b>ING MFS Total Return</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 407,745	\$ 216,952	\$ 20,790	\$ 1,428	\$ 29,119
Total assets	<u>407,745</u>	<u>216,952</u>	<u>20,790</u>	<u>1,428</u>	<u>29,119</u>
Net assets	<u>\$ 407,745</u>	<u>\$ 216,952</u>	<u>\$ 20,790</u>	<u>\$ 1,428</u>	<u>\$ 29,119</u>
<b>Net assets</b>					
Accumulation units	\$ 402,003	\$ 216,363	\$ 20,790	\$ 1,428	\$ 29,119
Contracts in payout (annuitization)					
period	<u>5,742</u>	<u>589</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ 407,745</u>	<u>\$ 216,952</u>	<u>\$ 20,790</u>	<u>\$ 1,428</u>	<u>\$ 29,119</u>
 Total number of shares	 <u>31,030,784</u>	 <u>16,768,617</u>	 <u>1,177,878</u>	 <u>116,857</u>	 <u>1,550,554</u>
 Cost of shares	 <u>\$ 416,294</u>	 <u>\$ 216,127</u>	 <u>\$ 17,180</u>	 <u>\$ 1,328</u>	 <u>\$ 27,098</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>ING T. Rowe Price Equity Income</b>	<b>ING Aeltus Enhanced Index</b>	<b>ING American Century Select</b>	<b>ING American Century Small Cap Value</b>	<b>ING Baron Small Cap Growth</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 30,123	\$ 1,536	\$ 2,070	\$ 25,577	\$ 58,317
Total assets	<u>30,123</u>	<u>1,536</u>	<u>2,070</u>	<u>25,577</u>	<u>58,317</u>
Net assets	<u>\$ 30,123</u>	<u>\$ 1,536</u>	<u>\$ 2,070</u>	<u>\$ 25,577</u>	<u>\$ 58,317</u>
<b>Net assets</b>					
Accumulation units	\$ 30,123	\$ 1,536	\$ 2,070	\$ 25,536	\$ 58,205
Contracts in payout (annuitization)					
period	-	-	-	41	112
Total net assets	<u>\$ 30,123</u>	<u>\$ 1,536</u>	<u>\$ 2,070</u>	<u>\$ 25,577</u>	<u>\$ 58,317</u>
 Total number of shares	 <u>2,192,350</u>	 <u>176,556</u>	 <u>223,317</u>	 <u>2,093,007</u>	 <u>3,898,183</u>
 Cost of shares	 <u>\$ 27,506</u>	 <u>\$ 1,405</u>	 <u>\$ 1,975</u>	 <u>\$ 23,715</u>	 <u>\$ 48,529</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>ING Goldman Sachs® Capital Growth</b>	<b>ING JPMorgan International</b>	<b>ING JPMorgan Mid Cap Value</b>	<b>ING MFS Capital Opportunities</b>	<b>ING OpCap Balanced Value</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 1,490	\$ 138,552	\$ 14,426	\$ 143,585	\$ 20,474
Total assets	<u>1,490</u>	<u>138,552</u>	<u>14,426</u>	<u>143,585</u>	<u>20,474</u>
Net assets	<u>\$ 1,490</u>	<u>\$ 138,552</u>	<u>\$ 14,426</u>	<u>\$ 143,585</u>	<u>\$ 20,474</u>
<b>Net assets</b>					
Accumulation units	\$ 1,490	\$ 138,383	\$ 14,377	\$ 143,334	\$ 20,256
Contracts in payout (annuitization)					
period	-	169	49	251	218
Total net assets	<u>\$ 1,490</u>	<u>\$ 138,552</u>	<u>\$ 14,426</u>	<u>\$ 143,585</u>	<u>\$ 20,474</u>
 Total number of shares	 <u>132,330</u>	 <u>11,264,363</u>	 <u>1,038,617</u>	 <u>5,278,849</u>	 <u>1,524,496</u>
 Cost of shares	 <u>\$ 1,317</u>	 <u>\$ 105,794</u>	 <u>\$ 13,017</u>	 <u>\$ 208,378</u>	 <u>\$ 18,666</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>ING Oppenheimer Global</b>	<b>ING PIMCO Total Return</b>	<b>ING Salomon Brothers Aggressive Growth - Initial Class</b>	<b>ING Salomon Brothers Aggressive Growth - Service Class</b>	<b>ING Salomon Brothers Fundamental Value</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 2,264	\$ 43,692	\$ 228,353	\$ 16	\$ 10,359
Total assets	<u>2,264</u>	<u>43,692</u>	<u>228,353</u>	<u>16</u>	<u>10,359</u>
Net assets	<u>\$ 2,264</u>	<u>\$ 43,692</u>	<u>\$ 228,353</u>	<u>\$ 16</u>	<u>\$ 10,359</u>
<b>Net assets</b>					
Accumulation units	\$ 2,244	\$ 43,536	\$ 228,277	\$ 16	\$ 10,304
Contracts in payout (annuitization)					
period	<u>20</u>	<u>156</u>	<u>76</u>	<u>-</u>	<u>55</u>
Total net assets	<u>\$ 2,264</u>	<u>\$ 43,692</u>	<u>\$ 228,353</u>	<u>\$ 16</u>	<u>\$ 10,359</u>
 Total number of shares	 <u>179,994</u>	 <u>3,986,466</u>	 <u>5,715,964</u>	 <u>414</u>	 <u>575,803</u>
 Cost of shares	 <u>\$ 2,057</u>	 <u>\$ 42,897</u>	 <u>\$ 282,700</u>	 <u>\$ 16</u>	 <u>\$ 9,194</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>ING Salomon Brothers Investors Value</b>	<b>ING T. Rowe Price Diversified Mid Cap Growth - Service Class</b>	<b>ING T. Rowe Price Growth Equity - Initial Class</b>	<b>ING T. Rowe Price Growth Equity - Service Class</b>	<b>ING UBS U.S. Large Cap Equity</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 5,760	\$ 9,594	\$ 291,385	\$ 219	\$ 135,468
Total assets	<u>5,760</u>	<u>9,594</u>	<u>291,385</u>	<u>219</u>	<u>135,468</u>
Net assets	<u>\$ 5,760</u>	<u>\$ 9,594</u>	<u>\$ 291,385</u>	<u>\$ 219</u>	<u>\$ 135,468</u>
<b>Net assets</b>					
Accumulation units	\$ 5,760	\$ 9,585	\$ 290,763	\$ 219	\$ 134,912
Contracts in payout (annuitization)					
period	<u>-</u>	<u>9</u>	<u>622</u>	<u>-</u>	<u>556</u>
Total net assets	<u>\$ 5,760</u>	<u>\$ 9,594</u>	<u>\$ 291,385</u>	<u>\$ 219</u>	<u>\$ 135,468</u>
 Total number of shares	 <u>406,498</u>	 <u>1,200,745</u>	 <u>5,849,933</u>	 <u>4,429</u>	 <u>15,788,780</u>
 Cost of shares	 <u>\$ 5,190</u>	 <u>\$ 8,948</u>	 <u>\$ 279,505</u>	 <u>\$ 199</u>	 <u>\$ 159,100</u>

*The accompanying notes are an integral part of these financial statements.*



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>ING Van Kampen Comstock</b>	<b>ING Van Kampen Equity and Income</b>	<b>ING VP Strategic Allocation Balanced</b>	<b>ING VP Strategic Allocation Growth</b>	<b>ING VP Strategic Allocation Income</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 71,730	\$ 2,372	\$ 70,666	\$ 81,653	\$ 36,460
Total assets	<u>71,730</u>	<u>2,372</u>	<u>70,666</u>	<u>81,653</u>	<u>36,460</u>
Net assets	<u>\$ 71,730</u>	<u>\$ 2,372</u>	<u>\$ 70,666</u>	<u>\$ 81,653</u>	<u>\$ 36,460</u>
<b>Net assets</b>					
Accumulation units	\$ 70,654	\$ 2,372	\$ 70,261	\$ 81,369	\$ 36,313
Contracts in payout (annuitization)					
period	<u>1,076</u>	<u>-</u>	<u>405</u>	<u>284</u>	<u>147</u>
Total net assets	<u>\$ 71,730</u>	<u>\$ 2,372</u>	<u>\$ 70,666</u>	<u>\$ 81,653</u>	<u>\$ 36,460</u>
 Total number of shares	 <u>5,836,492</u>	 <u>71,072</u>	 <u>5,080,208</u>	 <u>5,532,074</u>	 <u>2,795,991</u>
 Cost of shares	 <u>\$ 60,848</u>	 <u>\$ 2,196</u>	 <u>\$ 66,138</u>	 <u>\$ 76,959</u>	 <u>\$ 34,093</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>ING Financial Services</b>	<b>ING VP Growth and Income</b>	<b>ING GET US Core - Series 1</b>	<b>ING GET US Core - Series 2</b>	<b>ING GET US Core - Series 3</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 9	\$ 2,182,323	\$ 2,224	\$ 18,726	\$ 52,924
Total assets	9	2,182,323	2,224	18,726	52,924
Net assets	<u>\$ 9</u>	<u>\$ 2,182,323</u>	<u>\$ 2,224</u>	<u>\$ 18,726</u>	<u>\$ 52,924</u>
<b>Net assets</b>					
Accumulation units	\$ 9	\$ 2,021,342	\$ 2,224	\$ 18,726	\$ 52,924
Contracts in payout (annuitization)					
period	-	160,981	-	-	-
Total net assets	<u>\$ 9</u>	<u>\$ 2,182,323</u>	<u>\$ 2,224</u>	<u>\$ 18,726</u>	<u>\$ 52,924</u>
 Total number of shares	 410	 112,781,554	 209,453	 1,793,647	 5,224,462
 Cost of shares	 <u>\$ 9</u>	 <u>\$ 3,237,586</u>	 <u>\$ 2,096</u>	 <u>\$ 17,947</u>	 <u>\$ 52,281</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>ING GET US Core - Series 5</b>	<b>ING GET US Core - Series 6</b>	<b>ING GET US Core - Series 7</b>	<b>ING GNMA Income</b>	<b>ING Intermediate Bond</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 696	\$ 5,605	\$ 4,017	\$ 404	\$ 535
Total assets	<u>696</u>	<u>5,605</u>	<u>4,017</u>	<u>404</u>	<u>535</u>
Net assets	<u>\$ 696</u>	<u>\$ 5,605</u>	<u>\$ 4,017</u>	<u>\$ 404</u>	<u>\$ 535</u>
<b>Net assets</b>					
Accumulation units	\$ 696	\$ 5,605	\$ 4,017	\$ 404	\$ 535
Contracts in payout (annuitization)					
period	-	-	-	-	-
Total net assets	<u>\$ 696</u>	<u>\$ 5,605</u>	<u>\$ 4,017</u>	<u>\$ 404</u>	<u>\$ 535</u>
 Total number of shares	 <u>65,822</u>	 <u>553,811</u>	 <u>401,309</u>	 <u>46,714</u>	 <u>51,245</u>
 Cost of shares	 <u>\$ 659</u>	 <u>\$ 5,538</u>	 <u>\$ 4,014</u>	 <u>\$ 405</u>	 <u>\$ 536</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>ING VP Global Science and Technology</b>	<b>ING VP Growth</b>	<b>ING VP Index Plus LargeCap</b>	<b>ING VP Index Plus MidCap</b>	<b>ING VP Index Plus SmallCap</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 40,737	\$ 89,883	\$ 562,520	\$ 361,470	\$ 158,486
Total assets	<u>40,737</u>	<u>89,883</u>	<u>562,520</u>	<u>361,470</u>	<u>158,486</u>
Net assets	<u>\$ 40,737</u>	<u>\$ 89,883</u>	<u>\$ 562,520</u>	<u>\$ 361,470</u>	<u>\$ 158,486</u>
<b>Net assets</b>					
Accumulation units	\$ 40,737	\$ 89,673	\$ 558,199	\$ 360,442	\$ 157,892
Contracts in payout (annuitization)					
period	-	210	4,321	1,028	594
Total net assets	<u>\$ 40,737</u>	<u>\$ 89,883</u>	<u>\$ 562,520</u>	<u>\$ 361,470</u>	<u>\$ 158,486</u>
 Total number of shares	 <u>10,664,217</u>	 <u>9,401,996</u>	 <u>37,956,839</u>	 <u>19,904,753</u>	 <u>9,669,699</u>
 Cost of shares	 <u>\$ 37,951</u>	 <u>\$ 123,090</u>	 <u>\$ 604,721</u>	 <u>\$ 284,666</u>	 <u>\$ 121,084</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>ING VP International Equity</b>	<b>ING VP Small Company</b>	<b>ING VP Value Opportunity</b>	<b>ING VP Financial Services</b>	<b>ING VP International Value</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 14,340	\$ 175,779	\$ 110,369	\$ 194	\$ 58,379
Total assets	<u>14,340</u>	<u>175,779</u>	<u>110,369</u>	<u>194</u>	<u>58,379</u>
Net assets	<u>\$ 14,340</u>	<u>\$ 175,779</u>	<u>\$ 110,369</u>	<u>\$ 194</u>	<u>\$ 58,379</u>
<b>Net assets</b>					
Accumulation units	\$ 14,317	\$ 175,294	\$ 110,369	\$ 194	\$ 58,092
Contracts in payout (annuitization)					
period	<u>23</u>	<u>485</u>	<u>-</u>	<u>-</u>	<u>287</u>
Total net assets	<u>\$ 14,340</u>	<u>\$ 175,779</u>	<u>\$ 110,369</u>	<u>\$ 194</u>	<u>\$ 58,379</u>
 Total number of shares	 <u>1,640,756</u>	 <u>8,815,382</u>	 <u>8,367,596</u>	 <u>17,586</u>	 <u>4,575,178</u>
 Cost of shares	 <u>\$ 12,583</u>	 <u>\$ 126,771</u>	 <u>\$ 103,976</u>	 <u>\$ 181</u>	 <u>\$ 47,718</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>ING VP MagnaCap</b>	<b>ING VP MidCap Opportunities</b>	<b>ING VP Real Estate</b>	<b>ING VP SmallCap Opportunities</b>	<b>ING Real Estate</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 1,748	\$ 5,546	\$ 27,225	\$ 8,178	\$ 282
Total assets	<u>1,748</u>	<u>5,546</u>	<u>27,225</u>	<u>8,178</u>	<u>282</u>
Net assets	<u>\$ 1,748</u>	<u>\$ 5,546</u>	<u>\$ 27,225</u>	<u>\$ 8,178</u>	<u>\$ 282</u>
<b>Net assets</b>					
Accumulation units	\$ 1,748	\$ 5,546	\$ 27,225	\$ 8,178	\$ 282
Contracts in payout (annuitization)					
period	-	-	-	-	-
Total net assets	<u>\$ 1,748</u>	<u>\$ 5,546</u>	<u>\$ 27,225</u>	<u>\$ 8,178</u>	<u>\$ 282</u>
 Total number of shares	 <u>184,189</u>	 <u>808,417</u>	 <u>1,998,895</u>	 <u>502,950</u>	 <u>18,764</u>
 Cost of shares	 <u>\$ 1,486</u>	 <u>\$ 5,022</u>	 <u>\$ 23,927</u>	 <u>\$ 7,210</u>	 <u>\$ 263</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>Janus Advisor Series Balanced</b>	<b>Janus Aspen Balanced</b>	<b>Janus Aspen Capital Appreciation</b>	<b>Janus Aspen Flexible Income</b>	<b>Janus Aspen Growth</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ -	\$ 356,943	\$ 3,238	\$ 78,169	\$ 199,501
Total assets	-	356,943	3,238	78,169	199,501
Net assets	<u>\$ -</u>	<u>\$ 356,943</u>	<u>\$ 3,238</u>	<u>\$ 78,169</u>	<u>\$ 199,501</u>
<b>Net assets</b>					
Accumulation units	\$ -	\$ 356,685	\$ 3,238	\$ 78,169	\$ 199,142
Contracts in payout (annuitization)					
period	-	258	-	-	359
Total net assets	<u>\$ -</u>	<u>\$ 356,943</u>	<u>\$ 3,238</u>	<u>\$ 78,169</u>	<u>\$ 199,501</u>
 Total number of shares	 <u>4</u>	 <u>14,634,819</u>	 <u>132,772</u>	 <u>6,438,970</u>	 <u>9,940,264</u>
 Cost of shares	 <u>\$ -</u>	 <u>\$ 349,136</u>	 <u>\$ 2,497</u>	 <u>\$ 79,222</u>	 <u>\$ 283,015</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>Janus Aspen Mid Cap Growth</b>	<b>Janus Aspen Worldwide Growth</b>	<b>Janus Twenty</b>	<b>Lord Abbett Affiliated</b>	<b>Lord Abbett Growth and Income</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 458,336	\$ 425,591	\$ 730	\$ 221	\$ 109,667
Total assets	<u>458,336</u>	<u>425,591</u>	<u>730</u>	<u>221</u>	<u>109,667</u>
Net assets	<u>\$ 458,336</u>	<u>\$ 425,591</u>	<u>\$ 730</u>	<u>\$ 221</u>	<u>\$ 109,667</u>
<b>Net assets</b>					
Accumulation units	\$ 458,336	\$ 425,071	\$ 730	\$ 221	\$ 108,984
Contracts in payout (annuitization)					
period	-	520	-	-	683
Total net assets	<u>\$ 458,336</u>	<u>\$ 425,591</u>	<u>\$ 730</u>	<u>\$ 221</u>	<u>\$ 109,667</u>
 Total number of shares	 <u>17,737,450</u>	 <u>15,892,122</u>	 <u>16,304</u>	 <u>15,399</u>	 <u>4,034,847</u>
 Cost of shares	 <u>\$ 766,800</u>	 <u>\$ 601,444</u>	 <u>\$ 574</u>	 <u>\$ 205</u>	 <u>\$ 93,329</u>

*The accompanying notes are an integral part of these financial statements.*



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>Lord Abbett Mid-Cap Value - Class VC</b>	<b>Lord Abbett Mid Cap Value - Class A</b>	<b>Lord Abbett Small-Cap Value</b>	<b>Massachusetts Investors Growth Stock</b>	<b>MFS® Total Return</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 96,241	\$ 290	\$ 530	\$ 180	\$ 74,758
Total assets	96,241	290	530	180	74,758
Net assets	<u>\$ 96,241</u>	<u>\$ 290</u>	<u>\$ 530</u>	<u>\$ 180</u>	<u>\$ 74,758</u>
<b>Net assets</b>					
Accumulation units	\$ 96,041	\$ 290	\$ 530	\$ 180	\$ 74,758
Contracts in payout (annuitization)					
period	200	-	-	-	-
Total net assets	<u>\$ 96,241</u>	<u>\$ 290</u>	<u>\$ 530</u>	<u>\$ 180</u>	<u>\$ 74,758</u>
 Total number of shares	 <u>4,629,186</u>	 <u>12,793</u>	 <u>19,235</u>	 <u>14,557</u>	 <u>3,488,463</u>
 Cost of shares	 <u>\$ 80,164</u>	 <u>\$ 269</u>	 <u>\$ 517</u>	 <u>\$ 164</u>	 <u>\$ 64,007</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<u>Moderate Allocation</u>	<u>Mutual Discovery</u>	<u>New Perspective Fund® - Class R-3</u>	<u>New Perspective - Fund® - Class R-4</u>	<u>Oppenheimer Capital Appreciation</u>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 63	\$ 186	\$ 204	\$ 8,638	\$ 217
Total assets	<u>63</u>	<u>186</u>	<u>204</u>	<u>8,638</u>	<u>217</u>
Net assets	<u>\$ 63</u>	<u>\$ 186</u>	<u>\$ 204</u>	<u>\$ 8,638</u>	<u>\$ 217</u>
<b>Net assets</b>					
Accumulation units	\$ 63	\$ 186	\$ 204	\$ 8,638	\$ 217
Contracts in payout (annuitization) period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ 63</u>	<u>\$ 186</u>	<u>\$ 204</u>	<u>\$ 8,638</u>	<u>\$ 217</u>
 Total number of shares	 <u>4,397</u>	 <u>7,756</u>	 <u>7,438</u>	 <u>313,181</u>	 <u>5,271</u>
 Cost of shares	 <u>\$ 55</u>	 <u>\$ 167</u>	 <u>\$ 188</u>	 <u>\$ 7,854</u>	 <u>\$ 202</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>Oppenheimer Developing Markets</b>	<b>Oppenheimer Global</b>	<b>Oppenheimer Main Street Fund® - Class A</b>	<b>Oppenheimer Aggressive Growth</b>	<b>Oppenheimer Global Securities</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 37,377	\$ 4	\$ 13	\$ 3	\$ 410,368
Total assets	<u>37,377</u>	<u>4</u>	<u>13</u>	<u>3</u>	<u>410,368</u>
Net assets	<u>\$ 37,377</u>	<u>\$ 4</u>	<u>\$ 13</u>	<u>\$ 3</u>	<u>\$ 410,368</u>
<b>Net assets</b>					
Accumulation units	\$ 37,377	\$ 4	\$ 13	\$ -	\$ 409,412
Contracts in payout (annuitization)					
period	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>956</u>
Total net assets	<u>\$ 37,377</u>	<u>\$ 4</u>	<u>\$ 13</u>	<u>\$ 3</u>	<u>\$ 410,368</u>
 Total number of shares	 <u>1,390,528</u>	 <u>69</u>	 <u>364</u>	 <u>77</u>	 <u>13,906,064</u>
 Cost of shares	 <u>\$ 31,976</u>	 <u>\$ 4</u>	 <u>\$ 12</u>	 <u>\$ 3</u>	 <u>\$ 316,956</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>Oppenheimer Main Street® Fund/VA</b>	<b>Oppenheimer Main Street® Small Cap</b>	<b>Oppenheimer Strategic Bond</b>	<b>Pax World Balanced</b>	<b>PIMCO NFJ Small-Cap Value</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 43	\$ 5	\$ 47,078	\$ 16,523	\$ 53
Total assets	43	5	47,078	16,523	53
Net assets	<u>\$ 43</u>	<u>\$ 5</u>	<u>\$ 47,078</u>	<u>\$ 16,523</u>	<u>\$ 53</u>
<b>Net assets</b>					
Accumulation units	\$ -	\$ 5	\$ 46,992	\$ 16,523	\$ 53
Contracts in payout (annuitization)					
period	43	-	86	-	-
Total net assets	<u>\$ 43</u>	<u>\$ 5</u>	<u>\$ 47,078</u>	<u>\$ 16,523</u>	<u>\$ 53</u>
 Total number of shares	 <u>2,073</u>	 <u>283</u>	 <u>9,036,108</u>	 <u>711,594</u>	 <u>1,821</u>
 Cost of shares	 <u>\$ 38</u>	 <u>\$ 4</u>	 <u>\$ 43,768</u>	 <u>\$ 15,263</u>	 <u>\$ 48</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>PIMCO VIT</b>	<b>Pioneer</b>	<b>Pioneer</b>	<b>Pioneer</b>	<b>Pioneer</b>
	<b>Real Return</b>	<b>High Yield</b>	<b>Equity</b>	<b>Fund</b>	<b>Fund VCT</b>
	<u>Real Return</u>	<u>High Yield</u>	<u>Income VCT</u>	<u>Fund</u>	<u>Fund VCT</u>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 9,519	\$ 437	\$ 28,279	\$ 1	\$ 2,601
Total assets	<u>9,519</u>	<u>437</u>	<u>28,279</u>	<u>1</u>	<u>2,601</u>
Net assets	<u>\$ 9,519</u>	<u>\$ 437</u>	<u>\$ 28,279</u>	<u>\$ 1</u>	<u>\$ 2,601</u>
<b>Net assets</b>					
Accumulation units	\$ 9,519	\$ 437	\$ 28,130	\$ 1	\$ 2,601
Contracts in payout (annuitization)					
period	-	-	149	-	-
Total net assets	<u>\$ 9,519</u>	<u>\$ 437</u>	<u>\$ 28,279</u>	<u>\$ 1</u>	<u>\$ 2,601</u>
 Total number of shares	 <u>736,747</u>	 <u>37,661</u>	 <u>1,374,112</u>	 <u>33</u>	 <u>126,437</u>
 Cost of shares	 <u>\$ 9,577</u>	 <u>\$ 438</u>	 <u>\$ 25,017</u>	 <u>\$ 1</u>	 <u>\$ 2,262</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>Pioneer High Yield VCT</b>	<b>Pioneer Mid Cap Value VCT</b>	<b>Scudder Equity 500 Index</b>	<b>T. Rowe Price Mid-Cap Value</b>	<b>Templeton Foreign</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 4,468	\$ 49,664	\$ 2	\$ 619	\$ 450
Total assets	<u>4,468</u>	<u>49,664</u>	<u>2</u>	<u>619</u>	<u>450</u>
Net assets	<u>\$ 4,468</u>	<u>\$ 49,664</u>	<u>\$ 2</u>	<u>\$ 619</u>	<u>\$ 450</u>
<b>Net assets</b>					
Accumulation units	\$ 4,468	\$ 49,397	\$ 2	\$ 619	\$ 450
Contracts in payout (annuitization)					
period	<u>-</u>	<u>267</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ 4,468</u>	<u>\$ 49,664</u>	<u>\$ 2</u>	<u>\$ 619</u>	<u>\$ 450</u>
 Total number of shares	 <u>382,894</u>	 <u>2,013,128</u>	 <u>13</u>	 <u>27,179</u>	 <u>36,589</u>
 Cost of shares	 <u>\$ 4,403</u>	 <u>\$ 42,268</u>	 <u>\$ 2</u>	 <u>\$ 592</u>	 <u>\$ 403</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<u>Templeton Growth</u>	<u>Templeton Global Bond</u>	<u>UBS U.S. Small Cap Growth</u>	<u>Vanguard® 500 Index</u>	<u>Vanguard® Variable Insurance</u>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 61	\$ 6,775	\$ 48	\$ 13	\$ 208
Total assets	<u>61</u>	<u>6,775</u>	<u>48</u>	<u>13</u>	<u>208</u>
Net assets	<u>\$ 61</u>	<u>\$ 6,775</u>	<u>\$ 48</u>	<u>\$ 13</u>	<u>\$ 208</u>
<b>Net assets</b>					
Accumulation units	\$ 61	\$ 6,775	\$ 48	\$ 13	\$ 208
Contracts in payout (annuitization)					
period	-	-	-	-	-
Total net assets	<u>\$ 61</u>	<u>\$ 6,775</u>	<u>\$ 48</u>	<u>\$ 13</u>	<u>\$ 208</u>
 Total number of shares	 <u>2,677</u>	 <u>608,714</u>	 <u>3,543</u>	 <u>170</u>	 <u>10,671</u>
 Cost of shares	 <u>\$ 58</u>	 <u>\$ 6,407</u>	 <u>\$ 43</u>	 <u>\$ 12</u>	 <u>\$ 191</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Assets and Liabilities**  
**December 31, 2004**  
*(Dollars in thousands)*

	<b>Wanger Select</b>	<b>Wanger U.S. Smaller Companies</b>	<b>Washington Mutual Investors<sup>SM</sup> - Class R-3</b>	<b>Washington Mutual Investors<sup>SM</sup> - Class R-4</b>
<b>Assets</b>				
Investments in mutual funds				
at fair value	\$ 2,227	\$ 2,155	\$ 1,232	\$ 35,859
Total assets	<u>2,227</u>	<u>2,155</u>	<u>1,232</u>	<u>35,859</u>
Net assets	<u>\$ 2,227</u>	<u>\$ 2,155</u>	<u>\$ 1,232</u>	<u>\$ 35,859</u>
 <b>Net assets</b>				
Accumulation units	\$ 2,227	\$ 2,155	\$ 1,232	\$ 35,859
Contracts in payout (annuitization)				
period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ 2,227</u>	<u>\$ 2,155</u>	<u>\$ 1,232</u>	<u>\$ 35,859</u>
 Total number of shares	<u>100,725</u>	<u>68,696</u>	<u>40,175</u>	<u>1,167,672</u>
 Cost of shares	<u>\$ 2,137</u>	<u>\$ 1,919</u>	<u>\$ 1,178</u>	<u>\$ 34,397</u>

*The accompanying notes are an integral part of these financial statements.*



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<u>AIM Health Sciences</u>	<u>AIM Mid Cap Core Equity</u>	<u>AIM Small Cap Growth</u>	<u>AIM V.I. Capital Appreciation</u>	<u>AIM V.I. Core Equity</u>	<u>AIM V.I. Growth</u>
<b>Net investment income (loss)</b>						
Income:						
Dividends	\$ -	\$ -	\$ -	\$ -	\$ 367	\$ -
Total investment income	-	-	-	-	367	-
Expenses:						
Mortality and expense risk and other charges	-	-	-	213	432	186
Total expenses	-	-	-	213	432	186
Net investment income (loss)	-	-	-	(213)	(65)	(186)
<b>Realized and unrealized gain (loss) on investments</b>						
Net realized gain (loss) on investments	-	-	-	(2,335)	(4,988)	(3,438)
Capital gains distributions	-	13	-	-	-	-
Total realized gain (loss) on investments and capital gains distributions	-	13	-	(2,335)	(4,988)	(3,438)
Net unrealized appreciation (depreciation) of investments	2	2	-	3,580	7,928	4,751
Net increase (decrease) in net assets resulting from operations	<u>\$ 2</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 1,032</u>	<u>\$ 2,875</u>	<u>\$ 1,127</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>AIM V.I. Premier Equity</b>	<b>Alliance- Bernstein Growth and Income Fund</b>	<b>Alliance- Bernstein Growth and Income Portfolio</b>	<b>American Balanced Fund®</b>	<b>American Century® Income &amp; Growth</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 90	\$ -	\$ -	\$ 7	\$ 63
Total investment income	90	-	-	7	63
Expenses:					
Mortality and expense risk and other charges	204	-	-	3	32
Total expenses	204	-	-	3	32
Net investment income (loss)	(114)	-	-	4	31
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	(2,219)	-	-	-	156
Capital gains distributions	-	-	-	29	-
Total realized gain (loss) on investments and capital gains distributions	(2,219)	-	-	29	156
Net unrealized appreciation (depreciation) of investments	3,175	2	2	29	212
Net increase (decrease) in net assets resulting from operations	\$ 842	\$ 2	\$ 2	\$ 62	\$ 399

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<u>Ariel Appreciation</u>	<u>Ariel</u>	<u>Baron Asset</u>	<u>Baron Growth</u>	<u>Calvert Social Balanced</u>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ -	\$ -	\$ -	\$ -	\$ 1,082
Total investment income	-	-	-	-	1,082
Expenses:					
Mortality and expense risk and other charges	1	-	-	1	647
Total expenses	1	-	-	1	647
Net investment income (loss)	(1)	-	-	(1)	435
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	-	-	-	-	(115)
Capital gains distributions	4	5	3	-	-
Total realized gain (loss) on investments and capital gains distributions	4	5	3	-	(115)
Net unrealized appreciation (depreciation) of investments	11	7	6	42	4,096
Net increase (decrease) in net assets resulting from operations	<u>\$ 14</u>	<u>\$ 12</u>	<u>\$ 9</u>	<u>\$ 41</u>	<u>\$ 4,416</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>EuroPacific Growth Fund® - Class R-3</b>	<b>EuroPacific Growth Fund® - Class R-4</b>	<b>Evergreen Special Values</b>	<b>Fidelity® Advisor Mid Cap</b>	<b>Fidelity® VIP Contrafund®</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 7	\$ 227	\$ 309	\$ -	\$ 2,008
Total investment income	7	227	309	-	2,008
Expenses:					
Mortality and expense risk and other charges	1	43	285	1	6,532
Total expenses	1	43	285	1	6,532
Net investment income (loss)	6	184	24	(1)	(4,524)
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	1	(5)	368	-	6,291
Capital gains distributions	-	-	1,784	11	-
Total realized gain (loss) on investments and capital gains distributions	1	(5)	2,152	11	6,291
Net unrealized appreciation (depreciation) of investments	53	1,371	3,909	43	87,085
Net increase (decrease) in net assets resulting from operations	\$ 60	\$ 1,550	\$ 6,085	\$ 53	\$ 88,852

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>Fidelity® VIP Equity- Income</b>	<b>Fidelity® VIP Growth</b>	<b>Fidelity® VIP High Income</b>	<b>Fidelity® VIP Asset Manager<sup>SM</sup></b>	<b>Fidelity® VIP Index 500</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 5,241	\$ 997	\$ 569	\$ 588	\$ 1,349
Total investment income	5,241	997	569	588	1,349
Expenses:					
Mortality and expense risk and other charges	3,760	4,026	60	217	1,087
Total expenses	3,760	4,026	60	217	1,087
Net investment income (loss)	1,481	(3,029)	509	371	262
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	(52)	(5,418)	(63)	(1,138)	(1,689)
Capital gains distributions	1,252	-	-	-	-
Total realized gain (loss) on investments and capital gains distributions	1,200	(5,418)	(63)	(1,138)	(1,689)
Net unrealized appreciation (depreciation) of investments	34,754	15,744	(18)	1,644	11,434
Net increase (decrease) in net assets resulting from operations	<u>\$ 37,435</u>	<u>\$ 7,297</u>	<u>\$ 428</u>	<u>\$ 877</u>	<u>\$ 10,007</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>Fidelity® VIP Overseas</b>	<b>Franklin Small-Mid Cap Growth</b>	<b>Franklin Small Cap Value Securities</b>	<b>The Growth Fund of America® - Class R-3</b>	<b>The Growth Fund of America® - Class R-4</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 394	\$ -	\$ 42	\$ 3	\$ 234
Total investment income	394	-	42	3	234
Expenses:					
Mortality and expense risk and other charges	393	-	292	3	133
Total expenses	393	-	292	3	133
Net investment income (loss)	1	-	(250)	-	101
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	2,313	-	1,628	-	1
Capital gains distributions	-	-	-	-	-
Total realized gain (loss) on investments and capital gains distributions	2,313	-	1,628	-	1
Net unrealized appreciation (depreciation) of investments	1,946	8	5,351	85	3,538
Net increase (decrease) in net assets resulting from operations	<u>\$ 4,260</u>	<u>\$ 8</u>	<u>\$ 6,729</u>	<u>\$ 85</u>	<u>\$ 3,640</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>The Income Fund of America® - Class R-3</b>	<b>ING GET Fund - Series D</b>	<b>ING GET Fund - Series E</b>	<b>ING GET Fund - Series G</b>	<b>ING GET Fund - Series H</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 1	\$ 5,799	\$ 5,062	\$ 1,644	\$ 746
Total investment income	1	5,799	5,062	1,644	746
Expenses:					
Mortality and expense risk and other charges	-	192	681	271	221
Total expenses	-	192	681	271	221
Net investment income (loss)	1	5,607	4,381	1,373	525
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	-	(18,597)	(7,517)	(1,944)	(141)
Capital gains distributions	1	-	-	-	-
Total realized gain (loss) on investments and capital gains distributions	1	(18,597)	(7,517)	(1,944)	(141)
Net unrealized appreciation (depreciation) of investments	5	12,860	2,594	530	(368)
Net increase (decrease) in net assets resulting from operations	<u>\$ 7</u>	<u>\$ (130)</u>	<u>\$ (542)</u>	<u>\$ (41)</u>	<u>\$ 16</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>ING GET</b> <b>Fund -</b> <b>Series I</b>	<b>ING GET</b> <b>Fund -</b> <b>Series J</b>	<b>ING GET</b> <b>Fund -</b> <b>Series K</b>	<b>ING GET</b> <b>Fund -</b> <b>Series L</b>	<b>ING GET</b> <b>Fund -</b> <b>Series Q</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 36	\$ 17	\$ 56	\$ 37	\$ 150
Total investment income	36	17	56	37	150
Expenses:					
Mortality and expense risk and other charges	15	6	20	11	52
Total expenses	15	6	20	11	52
Net investment income (loss)	21	11	36	26	98
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	(4)	(1)	(2)	(4)	26
Capital gains distributions	-	-	-	-	-
Total realized gain (loss) on investments and capital gains distributions	(4)	(1)	(2)	(4)	26
Net unrealized appreciation (depreciation) of investments	(22)	(12)	(45)	(26)	(98)
Net increase (decrease) in net assets resulting from operations	<u>\$ (5)</u>	<u>\$ (2)</u>	<u>\$ (11)</u>	<u>\$ (4)</u>	<u>\$ 26</u>

*The accompanying notes are an integral part of these financial statements.*



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>ING GET</b>		<b>ING VP</b>	<b>ING VP</b>	<b>ING VP</b>
	<b>Fund -</b>	<b>ING VP</b>	<b>Emerging</b>	<b>Intermediate</b>	<b>Money</b>
	<b>Series S</b>	<b>Balanced</b>	<b>Markets</b>	<b>Bond</b>	<b>Market</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 749	\$ 13,461	\$ 78	\$ 32,360	\$ 2,594
Total investment income	749	13,461	78	32,360	2,594
Expenses:					
Mortality and expense risk and					
other charges	362	7,315	99	4,382	2,242
Total expenses	362	7,315	99	4,382	2,242
Net investment income (loss)	387	6,146	(21)	27,978	352
<b>Realized and unrealized gain (loss)</b>					
<b>on investments</b>					
Net realized gain (loss) on investments	467	(10,010)	869	6,351	(180)
Capital gains distributions	432	-	-	16,340	-
Total realized gain (loss) on investments					
and capital gains distributions	899	(10,010)	869	22,691	(180)
Net unrealized appreciation					
(depreciation) of investments	(940)	57,025	674	(36,125)	27
Net increase (decrease) in net assets					
resulting from operations	\$ 346	\$ 53,161	\$ 1,522	\$ 14,544	\$ 199

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>ING VP Natural Resources</b>	<b>ING Julius Baer Foreign</b>	<b>ING MFS Total Return</b>	<b>ING T. Rowe Price Equity Income</b>	<b>ING Aeltus Enhanced Index</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 143	\$ 1	\$ 513	\$ 239	\$ 8
Total investment income	143	1	513	239	8
Expenses:					
Mortality and expense risk and other charges	157	4	187	167	14
Total expenses	157	4	187	167	14
Net investment income (loss)	(14)	(3)	326	72	(6)
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	1,406	41	74	111	81
Capital gains distributions	-	7	-	142	-
Total realized gain (loss) on investments and capital gains distributions	1,406	48	74	253	81
Net unrealized appreciation (depreciation) of investments	421	100	1,618	2,450	48
Net increase (decrease) in net assets resulting from operations	<u>\$ 1,813</u>	<u>\$ 145</u>	<u>\$ 2,018</u>	<u>\$ 2,775</u>	<u>\$ 123</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	ING American Century Select	ING American Century Small Cap Value	ING Baron Small Cap Growth	ING Goldman Sachs® Capital Growth	ING JPMorgan International
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ -	\$ 7	\$ -	\$ 1	\$ 1,453
Total investment income	-	7	-	1	1,453
Expenses:					
Mortality and expense risk and other charges	27	171	350	12	1,322
Total expenses	27	171	350	12	1,322
Net investment income (loss)	(27)	(164)	(350)	(11)	131
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	209	863	1,811	32	7,586
Capital gains distributions	-	1,573	-	-	-
Total realized gain (loss) on investments and capital gains distributions	209	2,436	1,811	32	7,586
Net unrealized appreciation (depreciation) of investments	(140)	931	7,495	74	13,567
Net increase (decrease) in net assets resulting from operations	\$ 42	\$ 3,203	\$ 8,956	\$ 95	\$ 21,284

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>ING JPMorgan Mid Cap Value</b>	<b>ING MFS Capital Opportunities</b>	<b>ING OpCap Balanced Value</b>	<b>ING Oppenheimer Global</b>	<b>ING PIMCO Total Return</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 20	\$ 643	\$ 161	\$ -	\$ -
Total investment income	20	643	161	-	-
Expenses:					
Mortality and expense risk and other charges	93	1,501	176	18	397
Total expenses	93	1,501	176	18	397
Net investment income (loss)	(73)	(858)	(15)	(18)	(397)
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	504	(26,049)	339	140	(143)
Capital gains distributions	420	-	-	18	368
Total realized gain (loss) on investments and capital gains distributions	924	(26,049)	339	158	225
Net unrealized appreciation (depreciation) of investments	898	42,459	1,098	96	1,349
Net increase (decrease) in net assets resulting from operations	<u>\$ 1,749</u>	<u>\$ 15,552</u>	<u>\$ 1,422</u>	<u>\$ 236</u>	<u>\$ 1,177</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>ING Salomon Brothers Aggressive Growth - Initial Class</b>	<b>ING Salomon Brothers Aggressive Growth - Service Class</b>	<b>ING Salomon Brothers Fundamental Value</b>	<b>ING Salomon Brothers Investors Value</b>	<b>ING T. Rowe Price Diversified Mid Cap Growth - Initial Class</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ -	\$ -	\$ -	\$ 45	\$ -
Total investment income	-	-	-	45	-
Expenses:					
Mortality and expense risk and other charges	2,437	-	123	63	-
Total expenses	2,437	-	123	63	-
Net investment income (loss)	(2,437)	-	(123)	(18)	-
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	(6,887)	1	485	392	4
Capital gains distributions	-	-	-	-	-
Total realized gain (loss) on investments and capital gains distributions	(6,887)	1	485	392	4
Net unrealized appreciation (depreciation) of investments	27,553	-	269	13	(3)
Net increase (decrease) in net assets resulting from operations	\$ 18,229	\$ 1	\$ 631	\$ 387	\$ 1

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>ING T. Rowe Price Diversified Mid Cap Growth - Service Class</b>	<b>ING T. Rowe Price Growth Equity - Initial Class</b>	<b>ING T. Rowe Price Growth Equity - Service Class</b>	<b>ING UBS U.S. Large Cap Equity</b>	<b>ING Van Kampen Comstock</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ -	\$ 432	\$ -	\$ 1,029	\$ -
Total investment income	-	432	-	1,029	-
Expenses:					
Mortality and expense risk and other charges	118	2,811	-	1,392	525
Total expenses	118	2,811	-	1,392	525
Net investment income (loss)	(118)	(2,379)	-	(363)	(525)
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	726	1,108	-	(4,373)	1,016
Capital gains distributions	-	-	-	-	249
Total realized gain (loss) on investments and capital gains distributions	726	1,108	-	(4,373)	1,265
Net unrealized appreciation (depreciation) of investments	(158)	24,701	20	21,134	7,283
Net increase (decrease) in net assets resulting from operations	\$ 450	\$ 23,430	\$ 20	\$ 16,398	\$ 8,023

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>ING Van Kampen Equity and Income</b>	<b>ING VP Strategic Allocation Balanced</b>	<b>ING VP Strategic Allocation Growth</b>	<b>ING VP Strategic Allocation Income</b>	<b>ING Financial Services</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 6	\$ 804	\$ 794	\$ 635	\$ -
Total investment income	6	804	794	635	-
Expenses:					
Mortality and expense risk and other charges	18	682	795	361	-
Total expenses	18	682	795	361	-
Net investment income (loss)	(12)	122	(1)	274	-
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	99	(563)	(482)	52	-
Capital gains distributions	-	-	-	-	1
Total realized gain (loss) on investments and capital gains distributions	99	(563)	(482)	52	1
Net unrealized appreciation (depreciation) of investments	64	6,282	8,330	2,011	-
Net increase (decrease) in net assets resulting from operations	\$ 151	\$ 5,841	\$ 7,847	\$ 2,337	\$ 1

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>ING VP Growth and Income</b>	<b>ING GET US Core - Series 1</b>	<b>ING GET US Core - Series 2</b>	<b>ING GET US Core - Series 3</b>	<b>ING GET US Core - Series 5</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 52,069	\$ 16	\$ 21	\$ 1	\$ -
Total investment income	52,069	16	21	1	-
Expenses:					
Mortality and expense risk and other charges	24,646	28	251	746	4
Total expenses	24,646	28	251	746	4
Net investment income (loss)	27,423	(12)	(230)	(745)	(4)
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	(285,303)	9	67	(168)	-
Capital gains distributions	-	2	-	-	-
Total realized gain (loss) on investments and capital gains distributions	(285,303)	11	67	(168)	-
Net unrealized appreciation (depreciation) of investments	406,325	49	625	643	37
Net increase (decrease) in net assets resulting from operations	\$ 148,445	\$ 48	\$ 462	\$ (270)	\$ 33

*The accompanying notes are an integral part of these financial statements.*



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	ING GET US Core - Series 6	ING GET US Core - Series 7	ING GNMA Income	ING Intermediate Bond	ING VP Global Science and Technology
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ -	\$ -	\$ 5	\$ 4	\$ -
Total investment income	-	-	5	4	-
Expenses:					
Mortality and expense risk and other charges	23	2	1	1	439
Total expenses	23	2	1	1	439
Net investment income (loss)	(23)	(2)	4	3	(439)
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	2	-	-	-	3,927
Capital gains distributions	-	-	-	2	-
Total realized gain (loss) on investments and capital gains distributions	2	-	-	2	3,927
Net unrealized appreciation (depreciation) of investments	67	3	(1)	(1)	(5,231)
Net increase (decrease) in net assets resulting from operations	\$ 46	\$ 1	\$ 3	\$ 4	\$ (1,743)

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<u>ING VP Growth</u>	<u>ING VP Index Plus LargeCap</u>	<u>ING VP Index Plus MidCap</u>	<u>ING VP Index Plus SmallCap</u>	<u>ING VP International Equity</u>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 116	\$ 5,298	\$ 1,204	\$ 187	\$ 158
Total investment income	116	5,298	1,204	187	158
Expenses:					
Mortality and expense risk and other charges	934	5,474	2,918	1,211	131
Total expenses	934	5,474	2,918	1,211	131
Net investment income (loss)	(818)	(176)	(1,714)	(1,024)	27
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	(12,208)	(14,980)	649	1,259	1,606
Capital gains distributions	-	-	-	647	-
Total realized gain (loss) on investments and capital gains distributions	(12,208)	(14,980)	649	1,906	1,606
Net unrealized appreciation (depreciation) of investments	18,062	63,400	46,443	24,020	371
Net increase (decrease) in net assets resulting from operations	<u>\$ 5,036</u>	<u>\$ 48,244</u>	<u>\$ 45,378</u>	<u>\$ 24,902</u>	<u>\$ 2,004</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<u>ING VP Small Company</u>	<u>ING VP Value Opportunity</u>	<u>ING VP Financial Services</u>	<u>ING VP Growth Opportunities</u>	<u>ING VP International Value</u>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 484	\$ 972	\$ 1	\$ -	\$ 561
Total investment income	484	972	1	-	561
Expenses:					
Mortality and expense risk and other charges	1,706	1,190	1	5	433
Total expenses	1,706	1,190	1	5	433
Net investment income (loss)	(1,222)	(218)	-	(5)	128
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	5,232	(9,363)	-	162	1,986
Capital gains distributions	-	-	2	-	-
Total realized gain (loss) on investments and capital gains distributions	5,232	(9,363)	2	162	1,986
Net unrealized appreciation (depreciation) of investments	16,525	19,282	13	(100)	5,361
Net increase (decrease) in net assets resulting from operations	<u>\$ 20,535</u>	<u>\$ 9,701</u>	<u>\$ 15</u>	<u>\$ 57</u>	<u>\$ 7,475</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>ING VP MagnaCap</b>	<b>ING VP MidCap Opportunities</b>	<b>ING VP Real Estate</b>	<b>ING VP SmallCap Opportunities</b>	<b>ING Real Estate</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 27	\$ -	\$ 334	\$ -	\$ 4
Total investment income	27	-	334	-	4
Expenses:					
Mortality and expense risk and other charges	19	57	74	66	1
Total expenses	19	57	74	66	1
Net investment income (loss)	8	(57)	260	(66)	3
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	111	403	21	571	-
Capital gains distributions	-	-	285	-	15
Total realized gain (loss) on investments and capital gains distributions	111	403	306	571	15
Net unrealized appreciation (depreciation) of investments	5	53	3,298	177	19
Net increase (decrease) in net assets resulting from operations	\$ 124	\$ 399	\$ 3,864	\$ 682	\$ 37

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>Janus Advisor Series Balanced</b>	<b>Janus Aspen Balanced</b>	<b>Janus Aspen Capital Appreciation</b>	<b>Janus Aspen Flexible Income</b>	<b>Janus Aspen Growth</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ -	\$ 8,054	\$ 1	\$ 4,666	\$ 292
Total investment income	-	8,054	1	4,666	292
Expenses:					
Mortality and expense risk and other charges	-	3,832	33	833	2,254
Total expenses	-	3,832	33	833	2,254
Net investment income (loss)	-	4,222	(32)	3,833	(1,962)
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	-	(2,816)	181	1,064	(24,092)
Capital gains distributions	-	-	-	656	-
Total realized gain (loss) on investments and capital gains distributions	-	(2,816)	181	1,720	(24,092)
Net unrealized appreciation (depreciation) of investments	-	24,167	326	(3,208)	31,387
Net increase (decrease) in net assets resulting from operations	\$ -	\$ 25,573	\$ 475	\$ 2,345	\$ 5,333

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>Janus Aspen Mid Cap Growth</b>	<b>Janus Aspen Worldwide Growth</b>	<b>Janus Twenty</b>	<b>Lord Abbett Affiliated</b>	<b>Lord Abbett Growth and Income</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ -	\$ 4,550	\$ -	\$ 1	\$ 857
Total investment income	-	4,550	-	1	857
Expenses:					
Mortality and expense risk and other charges	4,706	4,958	6	1	857
Total expenses	4,706	4,958	6	1	857
Net investment income (loss)	(4,706)	(408)	(6)	-	-
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	(86,576)	(19,474)	(13)	-	40
Capital gains distributions	-	-	-	3	871
Total realized gain (loss) on investments and capital gains distributions	(86,576)	(19,474)	(13)	3	911
Net unrealized appreciation (depreciation) of investments	170,273	32,506	152	10	9,290
Net increase (decrease) in net assets resulting from operations	\$ 78,991	\$ 12,624	\$ 133	\$ 13	\$ 10,201

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>Lord Abbett Mid-Cap Value - Class VC</b>	<b>Lord Abbett Mid Cap Value - Class A</b>	<b>Lord Abbett Small-Cap Value</b>	<b>Massachusetts Investors Growth Stock</b>	<b>MFS® Total Return</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 251	\$ 1	\$ -	\$ 1	\$ 1,034
Total investment income	251	1	-	1	1,034
Expenses:					
Mortality and expense risk and other charges	594	1	1	1	676
Total expenses	594	1	1	1	676
Net investment income (loss)	(343)	-	(1)	-	358
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	628	-	1	-	257
Capital gains distributions	1,278	8	43	-	-
Total realized gain (loss) on investments and capital gains distributions	1,906	8	44	-	257
Net unrealized appreciation (depreciation) of investments	12,041	21	13	16	5,989
Net increase (decrease) in net assets resulting from operations	<u>\$ 13,604</u>	<u>\$ 29</u>	<u>\$ 56</u>	<u>\$ 16</u>	<u>\$ 6,604</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<u>Moderate Allocation</u>	<u>Mutual Discovery</u>	<u>New Perspective Fund® - Class R-3</u>	<u>New Perspective Fund® - Class R-4</u>	<u>Oppenheimer Capital Appreciation</u>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ -	\$ 3	\$ 1	\$ 83	\$ -
Total investment income	-	3	1	83	-
Expenses:					
Mortality and expense risk and other charges	-	-	-	24	1
Total expenses	-	-	-	24	1
Net investment income (loss)	-	3	1	59	(1)
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	-	-	-	1	-
Capital gains distributions	-	-	-	-	-
Total realized gain (loss) on investments and capital gains distributions	-	-	-	1	-
Net unrealized appreciation (depreciation) of investments	63	19	16	784	15
Net increase (decrease) in net assets resulting from operations	<u>\$ 63</u>	<u>\$ 22</u>	<u>\$ 17</u>	<u>\$ 844</u>	<u>\$ 14</u>

*The accompanying notes are an integral part of these financial statements.*



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>Oppenheimer Developing Markets</b>	<b>Oppenheimer Global</b>	<b>Oppenheimer Main Street Fund® - Class A</b>	<b>Oppenheimer Aggressive Growth</b>	<b>Oppenheimer Global Securities</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 458	\$ -	\$ -	\$ -	\$ 3,624
Total investment income	458	-	-	-	3,624
Expenses:					
Mortality and expense risk and other charges	134	-	-	-	3,222
Total expenses	134	-	-	-	3,222
Net investment income (loss)	324	-	-	-	402
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	640	-	-	-	218
Capital gains distributions	159	-	-	-	-
Total realized gain (loss) on investments and capital gains distributions	799	-	-	-	218
Net unrealized appreciation (depreciation) of investments	4,988	-	1	-	58,591
Net increase (decrease) in net assets resulting from operations	<u>\$ 6,111</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 59,211</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>Oppenheimer Main Street® Fund/VA</b>	<b>Oppenheimer Main Street® Small Cap</b>	<b>Oppenheimer Strategic Bond</b>	<b>Pax World Balanced</b>	<b>PIMCO NFJ Small-Cap Value</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ -	\$ -	\$ 1,770	\$ 97	\$ 1
Total investment income	-	-	1,770	97	1
Expenses:					
Mortality and expense risk and other charges	-	-	389	72	-
Total expenses	-	-	389	72	-
Net investment income (loss)	-	-	1,381	25	1
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	-	-	788	189	-
Capital gains distributions	-	-	-	-	3
Total realized gain (loss) on investments and capital gains distributions	-	-	788	189	3
Net unrealized appreciation (depreciation) of investments	3	1	899	1,039	5
Net increase (decrease) in net assets resulting from operations	\$ 3	\$ 1	\$ 3,068	\$ 1,253	\$ 9

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>PIMCO VIT</b>	<b>Pioneer</b>	<b>Pioneer</b>	<b>Pioneer</b>	<b>Pioneer Fund</b>
	<b>Real Return</b>	<b>High Yield</b>	<b>Equity</b>	<b>Fund</b>	<b>Fund</b>
			<b>Income VCT</b>		<b>VCT</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 33	\$ 6	\$ 423	\$ -	\$ 24
Total investment income	33	6	423	-	24
Expenses:					
Mortality and expense risk and					
other charges	26	1	164	-	21
Total expenses	26	1	164	-	21
Net investment income (loss)	7	5	259	-	3
<b>Realized and unrealized gain (loss)</b>					
<b>on investments</b>					
Net realized gain (loss) on investments	40	-	551	-	85
Capital gains distributions	272	10	-	-	-
Total realized gain (loss) on investments					
and capital gains distributions	312	10	551	-	85
Net unrealized appreciation					
(depreciation) of investments	(58)	(1)	1,984	-	136
Net increase (decrease) in net assets					
resulting from operations	\$ 261	\$ 14	\$ 2,794	\$ -	\$ 224

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>Pioneer High Yield VCT</b>	<b>Pioneer Mid Cap Value VCT</b>	<b>Scudder Equity 500 Index</b>	<b>T. Rowe Price Mid-Cap Value</b>	<b>Templeton Foreign</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 61	\$ 83	\$ -	\$ 1	\$ 7
Total investment income	61	83	-	1	7
Expenses:					
Mortality and expense risk and other charges	13	284	-	1	1
Total expenses	13	284	-	1	1
Net investment income (loss)	48	(201)	-	-	6
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	59	405	-	-	-
Capital gains distributions	-	218	-	34	1
Total realized gain (loss) on investments and capital gains distributions	59	623	-	34	1
Net unrealized appreciation (depreciation) of investments	65	5,908	-	27	47
Net increase (decrease) in net assets resulting from operations	\$ 172	\$ 6,330	\$ -	\$ 61	\$ 54

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<u>Templeton Growth</u>	<u>Templeton Global Bond</u>	<u>UBS U.S. Small Cap Growth</u>	<u>Vanguard® 500 Index</u>	<u>Vanguard® Variable Insurance</u>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 1	\$ 71	\$ -	\$ -	\$ -
Total investment income	1	71	-	-	-
Expenses:					
Mortality and expense risk and other charges	-	14	-	-	1
Total expenses	-	14	-	-	1
Net investment income (loss)	1	57	-	-	(1)
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	-	8	-	-	-
Capital gains distributions	2	-	1	-	-
Total realized gain (loss) on investments and capital gains distributions	2	8	1	-	-
Net unrealized appreciation (depreciation) of investments	3	368	5	(5)	17
Net increase (decrease) in net assets resulting from operations	<u>\$ 6</u>	<u>\$ 433</u>	<u>\$ 6</u>	<u>\$ (5)</u>	<u>\$ 16</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Operations**  
**For the year ended December 31, 2004**  
*(Dollars in thousands)*

	<b>Wanger Select</b>	<b>Wanger U.S. Smaller Companies</b>	<b>Washington Mutual Investors<sup>SM</sup> - Class R-3</b>	<b>Washington Mutual Investors<sup>SM</sup> - Class R-4</b>
<b>Net investment income (loss)</b>				
Income:				
Dividends	\$ -	\$ -	\$ 8	\$ 218
Total investment income	-	-	8	218
Expenses:				
Mortality and expense risk and other charges	8	7	3	94
Total expenses	8	7	3	94
Net investment income (loss)	(8)	(7)	5	124
<b>Realized and unrealized gain (loss) on investments</b>				
Net realized gain (loss) on investments	205	(9)	-	-
Capital gains distributions	-	-	10	299
Total realized gain (loss) on investments and capital gains distributions	205	(9)	10	299
Net unrealized appreciation (depreciation) of investments	90	236	54	1,462
Net increase (decrease) in net assets resulting from operations	<u>\$ 287</u>	<u>\$ 220</u>	<u>\$ 69</u>	<u>\$ 1,885</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	AIM Health  Sciences	AIM Mid Cap Core  Equity	AIM Small  Cap Growth	AIM V.I. Capital Appreciation	AIM V.I.  Core Equity
<b>Net assets at January 1, 2003</b>	\$ -	\$ -	\$ -	\$ 15,302	\$ 34,728
<b>Increase (decrease) in net assets from operations</b>					
Operations:					
Net investment income (loss)	-	-	-	(186)	(19)
Net realized gain (loss) on investments and capital gains distributions	-	-	-	(3,465)	(2,551)
Net unrealized appreciation (depreciation) during the year	-	-	-	8,085	10,595
Net increase (decrease) in net assets from operations	-	-	-	4,434	8,025
Changes from principal transactions:					
Total unit transactions	-	-	-	826	(231)
Net increase (decrease) in assets derived from principal transactions	-	-	-	826	(231)
Total increase (decrease) in net assets	-	-	-	5,260	7,794
<b>Net assets at December 31, 2003</b>	-	-	-	20,562	42,522
<b>Increase (decrease) in net assets from operations</b>					
Operations:					
Net investment income (loss)	-	-	-	(213)	(65)
Net realized gain (loss) on investments and capital gains distributions	-	13	-	(2,335)	(4,988)
Net unrealized appreciation (depreciation) during the year	2	2	-	3,580	7,928
Net increase (decrease) in net assets from operations	2	15	-	1,032	2,875
Changes from contract transactions:					
Total unit transactions	19	181	-	(1,070)	(7,084)
Net increase (decrease) in assets derived from principal transactions	19	181	-	(1,070)	(7,084)
Total increase (decrease) in net assets	21	196	-	(38)	(4,209)
<b>Net assets at December 31, 2004</b>	<u>\$ 21</u>	<u>\$ 196</u>	<u>\$ -</u>	<u>\$ 20,524</u>	<u>\$ 38,313</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>AIM V.I. Growth</b>	<b>AIM V.I. Premier Equity</b>	<b>Alliance- Bernstein Growth and Income Fund</b>	<b>Alliance- Bernstein Growth and Income Portfolio</b>
<b>Net assets at January 1, 2003</b>	\$ 11,403	\$ 15,977	\$ -	\$ -
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(152)	(129)	-	-
Net realized gain (loss) on investments and capital gains distributions	(2,355)	(1,545)	-	-
Net unrealized appreciation (depreciation) during the year	6,249	5,662	-	-
Net increase (decrease) in net assets from operations	3,742	3,988	-	-
Changes from principal transactions:				
Total unit transactions	1,910	1,076	-	-
Net increase (decrease) in assets derived from principal transactions	1,910	1,076	-	-
Total increase (decrease) in net assets	5,652	5,064	-	-
<b>Net assets at December 31, 2003</b>	17,055	21,041	-	-
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(186)	(114)	-	-
Net realized gain (loss) on investments and capital gains distributions	(3,438)	(2,219)	-	-
Net unrealized appreciation (depreciation) during the year	4,751	3,175	2	2
Net increase (decrease) in net assets from operations	1,127	842	2	2
Changes from contract transactions:				
Total unit transactions	(587)	(2,247)	20	48
Net increase (decrease) in assets derived from principal transactions	(587)	(2,247)	20	48
Total increase (decrease) in net assets	540	(1,405)	22	50
<b>Net assets at December 31, 2004</b>	<u>\$ 17,595</u>	<u>\$ 19,636</u>	<u>\$ 22</u>	<u>\$ 50</u>

*The accompanying notes are an integral part of these financial statements.*



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	American Balanced Fund®	American Century® Income & Growth	Ariel Appreciation	Ariel
<b>Net assets at January 1, 2003</b>	\$ -	\$ 1,152	\$ -	\$ -
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	10	-	-
Net realized gain (loss) on investments and capital gains distributions	-	(1)	-	-
Net unrealized appreciation (depreciation) during the year	-	440	-	-
Net increase (decrease) in net assets from operations	-	449	-	-
Changes from principal transactions:				
Total unit transactions	-	890	-	-
Net increase (decrease) in assets derived from principal transactions	-	890	-	-
Total increase (decrease) in net assets	-	1,339	-	-
<b>Net assets at December 31, 2003</b>	-	2,491	-	-
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	4	31	(1)	-
Net realized gain (loss) on investments and capital gains distributions	29	156	4	5
Net unrealized appreciation (depreciation) during the year	29	212	11	7
Net increase (decrease) in net assets from operations	62	399	14	12
Changes from contract transactions:				
Total unit transactions	1,207	1,499	178	142
Net increase (decrease) in assets derived from principal transactions	1,207	1,499	178	142
Total increase (decrease) in net assets	1,269	1,898	192	154
<b>Net assets at December 31, 2004</b>	<u>\$ 1,269</u>	<u>\$ 4,389</u>	<u>\$ 192</u>	<u>\$ 154</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>Baron Asset</b>	<b>Baron Growth</b>	<b>Calvert Social Balanced</b>	<b>EuroPacific Growth Fund® - Class R-3</b>
<b>Net assets at January 1, 2003</b>	\$ -	\$ -	\$ 49,766	\$ -
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	-	520	-
Net realized gain (loss) on investments and capital gains distributions	-	-	(538)	-
Net unrealized appreciation (depreciation) during the year	-	-	9,048	-
Net increase (decrease) in net assets from operations	-	-	9,030	-
Changes from principal transactions:				
Total unit transactions	-	-	1,780	-
Net increase (decrease) in assets derived from principal transactions	-	-	1,780	-
Total increase (decrease) in net assets	-	-	10,810	-
<b>Net assets at December 31, 2003</b>	-	-	60,576	-
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	(1)	435	6
Net realized gain (loss) on investments and capital gains distributions	3	-	(115)	1
Net unrealized appreciation (depreciation) during the year	6	42	4,096	53
Net increase (decrease) in net assets from operations	9	41	4,416	60
Changes from contract transactions:				
Total unit transactions	126	351	1,178	493
Net increase (decrease) in assets derived from principal transactions	126	351	1,178	493
Total increase (decrease) in net assets	135	392	5,594	553
<b>Net assets at December 31, 2004</b>	<u>\$ 135</u>	<u>\$ 392</u>	<u>\$ 66,170</u>	<u>\$ 553</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>EuroPacific Growth Fund® - Class R-4</b>	<b>Evergreen Special Values</b>	<b>Fidelity® Advisor Mid Cap</b>	<b>Fidelity® VIP Contrafund®</b>
<b>Net assets at January 1, 2003</b>	\$ -	\$ 9,367	\$ -	\$ 382,356
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	(118)	-	(2,805)
Net realized gain (loss) on investments and capital gains distributions	-	(267)	-	2,957
Net unrealized appreciation (depreciation) during the year	-	4,137	-	112,756
Net increase (decrease) in net assets from operations	-	3,752	-	112,908
Changes from principal transactions:				
Total unit transactions	-	4,019	-	69,108
Net increase (decrease) in assets derived from principal transactions	-	4,019	-	69,108
Total increase (decrease) in net assets	-	7,771	-	182,016
<b>Net assets at December 31, 2003</b>	-	17,138	-	564,372
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	184	24	(1)	(4,524)
Net realized gain (loss) on investments and capital gains distributions	(5)	2,152	11	6,291
Net unrealized appreciation (depreciation) during the year	1,371	3,909	43	87,085
Net increase (decrease) in net assets from operations	1,550	6,085	53	88,852
Changes from contract transactions:				
Total unit transactions	14,810	24,331	370	90,038
Net increase (decrease) in assets derived from principal transactions	14,810	24,331	370	90,038
Total increase (decrease) in net assets	16,360	30,416	423	178,890
<b>Net assets at December 31, 2004</b>	<u>\$ 16,360</u>	<u>\$ 47,554</u>	<u>\$ 423</u>	<u>\$ 743,262</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	Fidelity® VIP Equity- Income	Fidelity® VIP Growth	Fidelity® VIP High Income	Fidelity® VIP Asset Manager <sup>SM</sup>
<b>Net assets at January 1, 2003</b>	\$ 226,895	\$ 277,744	\$ 3,569	\$ 18,235
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	1,598	(2,540)	229	495
Net realized gain (loss) on investments and capital gains distributions	(2,223)	(8,623)	942	(405)
Net unrealized appreciation (depreciation) during the year	70,405	98,646	154	3,010
Net increase (decrease) in net assets from operations	69,780	87,483	1,325	3,100
Changes from principal transactions:				
Total unit transactions	31,145	14,969	2,398	392
Net increase (decrease) in assets derived from principal transactions	31,145	14,969	2,398	392
Total increase (decrease) in net assets	100,925	102,452	3,723	3,492
<b>Net assets at December 31, 2003</b>	327,820	380,196	7,292	21,727
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	1,481	(3,029)	509	371
Net realized gain (loss) on investments and capital gains distributions	1,200	(5,418)	(63)	(1,138)
Net unrealized appreciation (depreciation) during the year	34,754	15,744	(18)	1,644
Net increase (decrease) in net assets from operations	37,435	7,297	428	877
Changes from contract transactions:				
Total unit transactions	39,833	(10,155)	(2,510)	(2,277)
Net increase (decrease) in assets derived from principal transactions	39,833	(10,155)	(2,510)	(2,277)
Total increase (decrease) in net assets	77,268	(2,858)	(2,082)	(1,400)
<b>Net assets at December 31, 2004</b>	<u>\$ 405,088</u>	<u>\$ 377,338</u>	<u>\$ 5,210</u>	<u>\$ 20,327</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>Fidelity® VIP Index 500</b>	<b>Fidelity® VIP Overseas</b>	<b>Franklin Small-Mid Cap Growth</b>	<b>Franklin Small Cap Value Securities</b>
<b>Net assets at January 1, 2003</b>	\$ 72,668	\$ 14,076	\$ -	\$ 7,951
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	319	(91)	-	(93)
Net realized gain (loss) on investments and capital gains distributions	(4,305)	6,761	-	452
Net unrealized appreciation (depreciation) during the year	24,674	2,791	-	2,979
Net increase (decrease) in net assets from operations	20,688	9,461	-	3,338
Changes from principal transactions:				
Total unit transactions	7,690	6,804	-	4,594
Net increase (decrease) in assets derived from principal transactions	7,690	6,804	-	4,594
Total increase (decrease) in net assets	28,378	16,265	-	7,932
<b>Net assets at December 31, 2003</b>	101,046	30,341	-	15,883
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	262	1	-	(250)
Net realized gain (loss) on investments and capital gains distributions	(1,689)	2,313	-	1,628
Net unrealized appreciation (depreciation) during the year	11,434	1,946	8	5,351
Net increase (decrease) in net assets from operations	10,007	4,260	8	6,729
Changes from contract transactions:				
Total unit transactions	5,710	6,456	62	27,520
Net increase (decrease) in assets derived from principal transactions	5,710	6,456	62	27,520
Total increase (decrease) in net assets	15,717	10,716	70	34,249
<b>Net assets at December 31, 2004</b>	<u>\$ 116,763</u>	<u>\$ 41,057</u>	<u>\$ 70</u>	<u>\$ 50,132</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>The Growth Fund of America® - Class R-3</b>	<b>The Growth Fund of America® - Class R-4</b>	<b>The Income Fund of America® - Class R-3</b>	<b>ING GET Fund - Series D</b>
<b>Net assets at January 1, 2003</b>	\$ -	\$ -	\$ -	\$ 234,066
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	-	-	5,189
Net realized gain (loss) on investments and capital gains distributions	-	-	-	(7,603)
Net unrealized appreciation (depreciation) during the year	-	-	-	2,750
Net increase (decrease) in net assets from operations	-	-	-	336
Changes from principal transactions:				
Total unit transactions	-	-	-	(81,633)
Net increase (decrease) in assets derived from principal transactions	-	-	-	(81,633)
Total increase (decrease) in net assets	-	-	-	(81,297)
<b>Net assets at December 31, 2003</b>	-	-	-	152,769
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	101	1	5,607
Net realized gain (loss) on investments and capital gains distributions	-	1	1	(18,597)
Net unrealized appreciation (depreciation) during the year	85	3,538	5	12,860
Net increase (decrease) in net assets from operations	85	3,640	7	(130)
Changes from contract transactions:				
Total unit transactions	1,235	47,701	103	(152,639)
Net increase (decrease) in assets derived from principal transactions	1,235	47,701	103	(152,639)
Total increase (decrease) in net assets	1,320	51,341	110	(152,769)
<b>Net assets at December 31, 2004</b>	<u>\$ 1,320</u>	<u>\$ 51,341</u>	<u>\$ 110</u>	<u>\$ -</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	ING GET Fund - Series E	ING GET Fund - Series G	ING GET Fund - Series H	ING GET Fund - Series I
<b>Net assets at January 1, 2003</b>	\$ 104,443	\$ 29,756	\$ 23,282	\$ 1,190
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	2,544	724	563	19
Net realized gain (loss) on investments and capital gains distributions	(905)	(150)	(25)	-
Net unrealized appreciation (depreciation) during the year	(405)	(350)	(191)	(4)
Net increase (decrease) in net assets from operations	1,234	224	347	15
Changes from principal transactions:				
Total unit transactions	(26,021)	(6,149)	(5,094)	(113)
Net increase (decrease) in assets derived from principal transactions	(26,021)	(6,149)	(5,094)	(113)
Total increase (decrease) in net assets	(24,787)	(5,925)	(4,747)	(98)
<b>Net assets at December 31, 2003</b>	79,656	23,831	18,535	1,092
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	4,381	1,373	525	21
Net realized gain (loss) on investments and capital gains distributions	(7,517)	(1,944)	(141)	(4)
Net unrealized appreciation (depreciation) during the year	2,594	530	(368)	(22)
Net increase (decrease) in net assets from operations	(542)	(41)	16	(5)
Changes from contract transactions:				
Total unit transactions	(79,114)	(23,790)	(5,052)	(317)
Net increase (decrease) in assets derived from principal transactions	(79,114)	(23,790)	(5,052)	(317)
Total increase (decrease) in net assets	(79,656)	(23,831)	(5,036)	(322)
<b>Net assets at December 31, 2004</b>	\$ -	\$ -	\$ 13,499	\$ 770

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	ING GET Fund - Series J	ING GET Fund - Series K	ING GET Fund - Series L	ING GET Fund - Series Q
<b>Net assets at January 1, 2003</b>	\$ 394	\$ 2,048	\$ 1,187	\$ 5,031
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	7	34	27	(61)
Net realized gain (loss) on investments and capital gains distributions	(1)	7	-	30
Net unrealized appreciation (depreciation) during the year	(2)	(23)	(3)	213
Net increase (decrease) in net assets from operations	4	18	24	182
Changes from principal transactions:				
Total unit transactions	(12)	(330)	(162)	(828)
Net increase (decrease) in assets derived from principal transactions	(12)	(330)	(162)	(828)
Total increase (decrease) in net assets	(8)	(312)	(138)	(646)
<b>Net assets at December 31, 2003</b>	386	1,736	1,049	4,385
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	11	36	26	98
Net realized gain (loss) on investments and capital gains distributions	(1)	(2)	(4)	26
Net unrealized appreciation (depreciation) during the year	(12)	(45)	(26)	(98)
Net increase (decrease) in net assets from operations	(2)	(11)	(4)	26
Changes from contract transactions:				
Total unit transactions	(33)	(376)	(349)	(562)
Net increase (decrease) in assets derived from principal transactions	(33)	(376)	(349)	(562)
Total increase (decrease) in net assets	(35)	(387)	(353)	(536)
<b>Net assets at December 31, 2004</b>	\$ 351	\$ 1,349	\$ 696	\$ 3,849

*The accompanying notes are an integral part of these financial statements.*



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>ING GET</b>		<b>ING VP</b>		<b>ING VP</b>		<b>ING VP</b>
	<b>Fund -</b>		<b>ING VP</b>		<b>Emerging</b>		<b>Intermediate</b>
	<b>Series S</b>		<b>Balanced</b>		<b>Markets</b>		<b>Bond</b>
<b>Net assets at January 1, 2003</b>	\$ 46,558		\$ 597,925		\$ 5,020		\$ 458,178
<b>Increase (decrease) in net assets from operations</b>							
Operations:							
Net investment income (loss)	(465)		5,590		(61)		2,655
Net realized gain (loss) on investments and capital gains distributions	381		(20,852)		1,993		6,513
Net unrealized appreciation (depreciation) during the year	1,679		114,905		669		12,637
Net increase (decrease) in net assets from operations	1,595		99,643		2,601		21,805
Changes from principal transactions:							
Total unit transactions	(15,492)		(38,198)		551		(71,798)
Net increase (decrease) in assets derived from principal transactions	(15,492)		(38,198)		551		(71,798)
Total increase (decrease) in net assets	(13,897)		61,445		3,152		(49,993)
<b>Net assets at December 31, 2003</b>	32,661		659,370		8,172		408,185
<b>Increase (decrease) in net assets from operations</b>							
Operations:							
Net investment income (loss)	387		6,146		(21)		27,978
Net realized gain (loss) on investments and capital gains distributions	899		(10,010)		869		22,691
Net unrealized appreciation (depreciation) during the year	(940)		57,025		674		(36,125)
Net increase (decrease) in net assets from operations	346		53,161		1,522		14,544
Changes from contract transactions:							
Total unit transactions	(9,049)		(20,383)		815		(14,984)
Net increase (decrease) in assets derived from principal transactions	(9,049)		(20,383)		815		(14,984)
Total increase (decrease) in net assets	(8,703)		32,778		2,337		(440)
<b>Net assets at December 31, 2004</b>	\$ 23,958		\$ 692,148		\$ 10,509		\$ 407,745

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>ING VP Money Market</b>	<b>ING VP Natural Resources</b>	<b>ING Julius Baer Foreign</b>	<b>ING MFS Total Return</b>
<b>Net assets at January 1, 2003</b>	\$ 368,846	\$ 11,897	\$ -	\$ -
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	2,594	(123)	-	16
Net realized gain (loss) on investments and capital gains distributions	(2,912)	(744)	-	(1)
Net unrealized appreciation (depreciation) during the year	151	4,001	-	403
Net increase (decrease) in net assets from operations	(167)	3,134	-	418
Changes from principal transactions:				
Total unit transactions	(111,202)	(1,060)	-	7,871
Net increase (decrease) in assets derived from principal transactions	(111,202)	(1,060)	-	7,871
Total increase (decrease) in net assets	(111,369)	2,074	-	8,289
<b>Net assets at December 31, 2003</b>	257,477	13,971	-	8,289
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	352	(14)	(3)	326
Net realized gain (loss) on investments and capital gains distributions	(180)	1,406	48	74
Net unrealized appreciation (depreciation) during the year	27	421	100	1,618
Net increase (decrease) in net assets from operations	199	1,813	145	2,018
Changes from contract transactions:				
Total unit transactions	(40,724)	5,006	1,283	18,812
Net increase (decrease) in assets derived from principal transactions	(40,724)	5,006	1,283	18,812
Total increase (decrease) in net assets	(40,525)	6,819	1,428	20,830
<b>Net assets at December 31, 2004</b>	<u>\$ 216,952</u>	<u>\$ 20,790</u>	<u>\$ 1,428</u>	<u>\$ 29,119</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	ING T. Rowe Price Equity Income	ING Aeltus Enhanced Index	ING American Century Select	ING American Century Small Cap Value
<b>Net assets at January 1, 2003</b>	\$ -	\$ 126	\$ 255	\$ 1,834
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(2)	(1)	(11)	(33)
Net realized gain (loss) on investments and capital gains distributions	25	16	47	201
Net unrealized appreciation (depreciation) during the year	167	85	249	960
Net increase (decrease) in net assets from operations	190	100	285	1,128
Changes from principal transactions:				
Total unit transactions	1,953	574	1,654	3,345
Net increase (decrease) in assets derived from principal transactions	1,953	574	1,654	3,345
Total increase (decrease) in net assets	2,143	674	1,939	4,473
<b>Net assets at December 31, 2003</b>	2,143	800	2,194	6,307
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	72	(6)	(27)	(164)
Net realized gain (loss) on investments and capital gains distributions	253	81	209	2,436
Net unrealized appreciation (depreciation) during the year	2,450	48	(140)	931
Net increase (decrease) in net assets from operations	2,775	123	42	3,203
Changes from contract transactions:				
Total unit transactions	25,205	613	(166)	16,067
Net increase (decrease) in assets derived from principal transactions	25,205	613	(166)	16,067
Total increase (decrease) in net assets	27,980	736	(124)	19,270
<b>Net assets at December 31, 2004</b>	<u>\$ 30,123</u>	<u>\$ 1,536</u>	<u>\$ 2,070</u>	<u>\$ 25,577</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>ING Baron Small Cap Growth</b>	<b>ING Goldman Sachs® Capital Growth</b>	<b>ING JPMorgan International</b>	<b>ING JPMorgan Mid Cap Value</b>
<b>Net assets at January 1, 2003</b>	\$ 3,239	\$ 347	\$ 107,839	\$ 1,038
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(87)	(6)	5	(12)
Net realized gain (loss) on investments and capital gains distributions	175	10	13,443	93
Net unrealized appreciation (depreciation) during the year	2,280	112	19,848	486
Net increase (decrease) in net assets from operations	2,368	116	33,296	567
Changes from principal transactions:				
Total unit transactions	9,650	364	(14,631)	2,394
Net increase (decrease) in assets derived from principal transactions	9,650	364	(14,631)	2,394
Total increase (decrease) in net assets	12,018	480	18,665	2,961
<b>Net assets at December 31, 2003</b>	15,257	827	126,504	3,999
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(350)	(11)	131	(73)
Net realized gain (loss) on investments and capital gains distributions	1,811	32	7,586	924
Net unrealized appreciation (depreciation) during the year	7,495	74	13,567	898
Net increase (decrease) in net assets from operations	8,956	95	21,284	1,749
Changes from contract transactions:				
Total unit transactions	34,104	568	(9,236)	8,678
Net increase (decrease) in assets derived from principal transactions	34,104	568	(9,236)	8,678
Total increase (decrease) in net assets	43,060	663	12,048	10,427
<b>Net assets at December 31, 2004</b>	\$ 58,317	\$ 1,490	\$ 138,552	\$ 14,426

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>ING MFS Capital Opportunities</b>	<b>ING OpCap Balanced Value</b>	<b>ING Oppenheimer Global</b>	<b>ING PIMCO Total Return</b>
<b>Net assets at January 1, 2003</b>	\$ 129,150	\$ 515	\$ 202	\$ 16,279
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(1,132)	43	(7)	563
Net realized gain (loss) on investments and capital gains distributions	(9,998)	69	99	834
Net unrealized appreciation (depreciation) during the year	43,736	692	116	(744)
Net increase (decrease) in net assets from operations	32,606	804	208	653
Changes from principal transactions:				
Total unit transactions	(10,259)	7,864	884	14,295
Net increase (decrease) in assets derived from principal transactions	(10,259)	7,864	884	14,295
Total increase (decrease) in net assets	22,347	8,668	1,092	14,948
<b>Net assets at December 31, 2003</b>	151,497	9,183	1,294	31,227
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(858)	(15)	(18)	(397)
Net realized gain (loss) on investments and capital gains distributions	(26,049)	339	158	225
Net unrealized appreciation (depreciation) during the year	42,459	1,098	96	1,349
Net increase (decrease) in net assets from operations	15,552	1,422	236	1,177
Changes from contract transactions:				
Total unit transactions	(23,464)	9,869	734	11,288
Net increase (decrease) in assets derived from principal transactions	(23,464)	9,869	734	11,288
Total increase (decrease) in net assets	(7,912)	11,291	970	12,465
<b>Net assets at December 31, 2004</b>	<u>\$ 143,585</u>	<u>\$ 20,474</u>	<u>\$ 2,264</u>	<u>\$ 43,692</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	ING Salomon Brothers Aggressive Growth - Initial Class	ING Salomon Brothers Aggressive Growth - Service Class	ING Salomon Brothers Fundamental Value	ING Salomon Brothers Investors Value
<b>Net assets at January 1, 2003</b>	\$ 175,927	\$ -	\$ 244	\$ 635
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(2,138)	-	26	(8)
Net realized gain (loss) on investments and capital gains distributions	(11,102)	-	209	25
Net unrealized appreciation (depreciation) during the year	76,768	-	900	574
Net increase (decrease) in net assets from operations	63,528	-	1,135	591
Changes from principal transactions:				
Total unit transactions	329	-	8,035	2,793
Net increase (decrease) in assets derived from principal transactions	329	-	8,035	2,793
Total increase (decrease) in net assets	63,857	-	9,170	3,384
<b>Net assets at December 31, 2003</b>	239,784	-	9,414	4,019
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(2,437)	-	(123)	(18)
Net realized gain (loss) on investments and capital gains distributions	(6,887)	1	485	392
Net unrealized appreciation (depreciation) during the year	27,553	-	269	13
Net increase (decrease) in net assets from operations	18,229	1	631	387
Changes from contract transactions:				
Total unit transactions	(29,660)	15	314	1,354
Net increase (decrease) in assets derived from principal transactions	(29,660)	15	314	1,354
Total increase (decrease) in net assets	(11,431)	16	945	1,741
<b>Net assets at December 31, 2004</b>	<u>\$ 228,353</u>	<u>\$ 16</u>	<u>\$ 10,359</u>	<u>\$ 5,760</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	ING T. Rowe Price Diversified Mid Cap Growth - Initial Class	ING T. Rowe Price Diversified Mid Cap Growth - Service Class	ING T. Rowe Price Growth Equity - Initial Class	ING T. Rowe Price Growth Equity - Service Class
<b>Net assets at January 1, 2003</b>	\$ -	\$ 902	\$ 169,889	\$ -
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	(41)	(1,770)	-
Net realized gain (loss) on investments and capital gains distributions	3	306	(1,850)	-
Net unrealized appreciation (depreciation) during the year	3	848	55,811	-
Net increase (decrease) in net assets from operations	6	1,113	52,191	-
Changes from principal transactions:				
Total unit transactions	10	7,405	24,523	-
Net increase (decrease) in assets derived from principal transactions	10	7,405	24,523	-
Total increase (decrease) in net assets	16	8,518	76,714	-
<b>Net assets at December 31, 2003</b>	16	9,420	246,603	-
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	(118)	(2,379)	-
Net realized gain (loss) on investments and capital gains distributions	4	726	1,108	-
Net unrealized appreciation (depreciation) during the year	(3)	(158)	24,701	20
Net increase (decrease) in net assets from operations	1	450	23,430	20
Changes from contract transactions:				
Total unit transactions	(17)	(276)	21,352	199
Net increase (decrease) in assets derived from principal transactions	(17)	(276)	21,352	199
Total increase (decrease) in net assets	(16)	174	44,782	219
<b>Net assets at December 31, 2004</b>	\$ -	\$ 9,594	\$ 291,385	\$ 219

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>ING UBS U.S. Large Cap Equity</b>	<b>ING Van Kampen Comstock</b>	<b>ING Van Kampen Equity and Income</b>	<b>ING VP Strategic Allocation Balanced</b>
<b>Net assets at January 1, 2003</b>	\$ 114,492	\$ 8,175	\$ 474	\$ 47,846
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(573)	12	(6)	226
Net realized gain (loss) on investments and capital gains distributions	(8,730)	454	42	(840)
Net unrealized appreciation (depreciation) during the year	34,528	3,979	116	9,405
Net increase (decrease) in net assets from operations	25,225	4,445	152	8,791
Changes from principal transactions:				
Total unit transactions	(11,642)	19,398	285	1,809
Net increase (decrease) in assets derived from principal transactions	(11,642)	19,398	285	1,809
Total increase (decrease) in net assets	13,583	23,843	437	10,600
<b>Net assets at December 31, 2003</b>	128,075	32,018	911	58,446
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(363)	(525)	(12)	122
Net realized gain (loss) on investments and capital gains distributions	(4,373)	1,265	99	(563)
Net unrealized appreciation (depreciation) during the year	21,134	7,283	64	6,282
Net increase (decrease) in net assets from operations	16,398	8,023	151	5,841
Changes from contract transactions:				
Total unit transactions	(9,005)	31,689	1,310	6,379
Net increase (decrease) in assets derived from principal transactions	(9,005)	31,689	1,310	6,379
Total increase (decrease) in net assets	7,393	39,712	1,461	12,220
<b>Net assets at December 31, 2004</b>	<u>\$ 135,468</u>	<u>\$ 71,730</u>	<u>\$ 2,372</u>	<u>\$ 70,666</u>

*The accompanying notes are an integral part of these financial statements.*



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	ING VP Strategic Allocation Growth	ING VP Strategic Allocation Income	ING Financial Services	ING VP Growth and Income
<b>Net assets at January 1, 2003</b>	\$ 56,046	\$ 31,610	\$ -	\$ 2,141,418
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(107)	411	-	(23,918)
Net realized gain (loss) on investments and capital gains distributions	(1,375)	(527)	-	(425,719)
Net unrealized appreciation (depreciation) during the year	14,356	3,834	-	928,479
Net increase (decrease) in net assets from operations	12,874	3,718	-	478,842
Changes from principal transactions:				
Total unit transactions	913	(1,491)	-	(309,293)
Net increase (decrease) in assets derived from principal transactions	913	(1,491)	-	(309,293)
Total increase (decrease) in net assets	13,787	2,227	-	169,549
<b>Net assets at December 31, 2003</b>	69,833	33,837	-	2,310,967
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(1)	274	-	27,423
Net realized gain (loss) on investments and capital gains distributions	(482)	52	1	(285,303)
Net unrealized appreciation (depreciation) during the year	8,330	2,011	-	406,325
Net increase (decrease) in net assets from operations	7,847	2,337	1	148,445
Changes from contract transactions:				
Total unit transactions	3,973	286	8	(277,089)
Net increase (decrease) in assets derived from principal transactions	3,973	286	8	(277,089)
Total increase (decrease) in net assets	11,820	2,623	9	(128,644)
<b>Net assets at December 31, 2004</b>	\$ 81,653	\$ 36,460	\$ 9	\$ 2,182,323

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	ING GET US Core - Series 1	ING GET US Core - Series 2	ING GET US Core - Series 3	ING GET US Core - Series 5
<b>Net assets at January 1, 2003</b>	\$ -	\$ -	\$ -	\$ -
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(11)	(24)	-	-
Net realized gain (loss) on investments and capital gains distributions	-	-	-	-
Net unrealized appreciation (depreciation) during the year	79	154	-	-
Net increase (decrease) in net assets from operations	68	130	-	-
Changes from principal transactions:				
Total unit transactions	2,310	20,509	207	-
Net increase (decrease) in assets derived from principal transactions	2,310	20,509	207	-
Total increase (decrease) in net assets	2,378	20,639	207	-
<b>Net assets at December 31, 2003</b>	2,378	20,639	207	-
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(12)	(230)	(745)	(4)
Net realized gain (loss) on investments and capital gains distributions	11	67	(168)	-
Net unrealized appreciation (depreciation) during the year	49	625	643	37
Net increase (decrease) in net assets from operations	48	462	(270)	33
Changes from contract transactions:				
Total unit transactions	(202)	(2,375)	52,987	663
Net increase (decrease) in assets derived from principal transactions	(202)	(2,375)	52,987	663
Total increase (decrease) in net assets	(154)	(1,913)	52,717	696
<b>Net assets at December 31, 2004</b>	\$ 2,224	\$ 18,726	\$ 52,924	\$ 696

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	ING GET US Core - Series 6	ING GET US Core - Series 7	ING GNMA Income	ING Intermediate Bond
<b>Net assets at January 1, 2003</b>	\$ -	\$ -	\$ -	\$ -
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	-	-	-
Net realized gain (loss) on investments and capital gains distributions	-	-	-	-
Net unrealized appreciation (depreciation) during the year	-	-	-	-
Net increase (decrease) in net assets from operations	-	-	-	-
Changes from principal transactions:				
Total unit transactions	-	-	-	-
Net increase (decrease) in assets derived from principal transactions	-	-	-	-
Total increase (decrease) in net assets	-	-	-	-
<b>Net assets at December 31, 2003</b>	-	-	-	-
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(23)	(2)	4	3
Net realized gain (loss) on investments and capital gains distributions	2	-	-	2
Net unrealized appreciation (depreciation) during the year	67	3	(1)	(1)
Net increase (decrease) in net assets from operations	46	1	3	4
Changes from contract transactions:				
Total unit transactions	5,559	4,016	401	531
Net increase (decrease) in assets derived from principal transactions	5,559	4,016	401	531
Total increase (decrease) in net assets	5,605	4,017	404	535
<b>Net assets at December 31, 2004</b>	<u>\$ 5,605</u>	<u>\$ 4,017</u>	<u>\$ 404</u>	<u>\$ 535</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>ING VP Global Science and Technology</b>	<b>ING VP Growth</b>	<b>ING VP Index Plus LargeCap</b>	<b>ING VP Index Plus MidCap</b>
<b>Net assets at January 1, 2003</b>	\$ 23,001	\$ 76,539	\$ 378,460	\$ 144,261
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(329)	(881)	144	(1,031)
Net realized gain (loss) on investments and capital gains distributions	(1,973)	(11,268)	(12,981)	(2,145)
Net unrealized appreciation (depreciation) during the year	13,749	34,025	110,816	52,581
Net increase (decrease) in net assets from operations	11,447	21,876	97,979	49,405
Changes from principal transactions:				
Total unit transactions	12,847	(2,443)	26,982	40,095
Net increase (decrease) in assets derived from principal transactions	12,847	(2,443)	26,982	40,095
Total increase (decrease) in net assets	24,294	19,433	124,961	89,500
<b>Net assets at December 31, 2003</b>	47,295	95,972	503,421	233,761
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(439)	(818)	(176)	(1,714)
Net realized gain (loss) on investments and capital gains distributions	3,927	(12,208)	(14,980)	649
Net unrealized appreciation (depreciation) during the year	(5,231)	18,062	63,400	46,443
Net increase (decrease) in net assets from operations	(1,743)	5,036	48,244	45,378
Changes from contract transactions:				
Total unit transactions	(4,815)	(11,125)	10,855	82,331
Net increase (decrease) in assets derived from principal transactions	(4,815)	(11,125)	10,855	82,331
Total increase (decrease) in net assets	(6,558)	(6,089)	59,099	127,709
<b>Net assets at December 31, 2004</b>	<u>\$ 40,737</u>	<u>\$ 89,883</u>	<u>\$ 562,520</u>	<u>\$ 361,470</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>ING VP Index Plus SmallCap</b>	<b>ING VP International Equity</b>	<b>ING VP Small Company</b>	<b>ING VP Value Opportunity</b>
<b>Net assets at January 1, 2003</b>	\$ 54,579	\$ 8,248	\$ 115,085	\$ 115,345
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(559)	3	(998)	(277)
Net realized gain (loss) on investments and capital gains distributions	(56)	1,452	(9,972)	(8,337)
Net unrealized appreciation (depreciation) during the year	21,801	1,316	52,820	34,754
Net increase (decrease) in net assets from operations	21,186	2,771	41,850	26,140
Changes from principal transactions:				
Total unit transactions	18,166	914	10,497	(8,309)
Net increase (decrease) in assets derived from principal transactions	18,166	914	10,497	(8,309)
Total increase (decrease) in net assets	39,352	3,685	52,347	17,831
<b>Net assets at December 31, 2003</b>	93,931	11,933	167,432	133,176
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(1,024)	27	(1,222)	(218)
Net realized gain (loss) on investments and capital gains distributions	1,906	1,606	5,232	(9,363)
Net unrealized appreciation (depreciation) during the year	24,020	371	16,525	19,282
Net increase (decrease) in net assets from operations	24,902	2,004	20,535	9,701
Changes from contract transactions:				
Total unit transactions	39,653	403	(12,188)	(32,508)
Net increase (decrease) in assets derived from principal transactions	39,653	403	(12,188)	(32,508)
Total increase (decrease) in net assets	64,555	2,407	8,347	(22,807)
<b>Net assets at December 31, 2004</b>	<u>\$ 158,486</u>	<u>\$ 14,340</u>	<u>\$ 175,779</u>	<u>\$ 110,369</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>ING VP Financial Services</b>	<b>ING VP Growth Opportunities</b>	<b>ING VP International Value</b>	<b>ING VP MagnaCap</b>
<b>Net assets at January 1, 2003</b>	\$ -	\$ 158	\$ 12,825	\$ 544
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	(6)	70	1
Net realized gain (loss) on investments and capital gains distributions	-	38	(610)	(41)
Net unrealized appreciation (depreciation) during the year	-	123	6,551	315
Net increase (decrease) in net assets from operations	-	155	6,011	275
Changes from principal transactions:				
Total unit transactions	-	984	13,755	752
Net increase (decrease) in assets derived from principal transactions	-	984	13,755	752
Total increase (decrease) in net assets	-	1,139	19,766	1,027
<b>Net assets at December 31, 2003</b>	-	1,297	32,591	1,571
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	(5)	128	8
Net realized gain (loss) on investments and capital gains distributions	2	162	1,986	111
Net unrealized appreciation (depreciation) during the year	13	(100)	5,361	5
Net increase (decrease) in net assets from operations	15	57	7,475	124
Changes from contract transactions:				
Total unit transactions	179	(1,354)	18,313	53
Net increase (decrease) in assets derived from principal transactions	179	(1,354)	18,313	53
Total increase (decrease) in net assets	194	(1,297)	25,788	177
<b>Net assets at December 31, 2004</b>	<u>\$ 194</u>	<u>\$ -</u>	<u>\$ 58,379</u>	<u>\$ 1,748</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>ING VP MidCap Opportunities</b>	<b>ING VP Real Estate</b>	<b>ING VP SmallCap Opportunities</b>	<b>ING Real Estate</b>
<b>Net assets at January 1, 2003</b>	\$ 457	\$ -	\$ 2,239	\$ -
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(23)	-	(30)	-
Net realized gain (loss) on investments and capital gains distributions	155	-	(356)	-
Net unrealized appreciation (depreciation) during the year	495	-	1,518	-
Net increase (decrease) in net assets from operations	627	-	1,132	-
Changes from principal transactions:				
Total unit transactions	3,107	-	4,674	-
Net increase (decrease) in assets derived from principal transactions	3,107	-	4,674	-
Total increase (decrease) in net assets	3,734	-	5,806	-
<b>Net assets at December 31, 2003</b>	4,191	-	8,045	-
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(57)	260	(66)	3
Net realized gain (loss) on investments and capital gains distributions	403	306	571	15
Net unrealized appreciation (depreciation) during the year	53	3,298	177	19
Net increase (decrease) in net assets from operations	399	3,864	682	37
Changes from contract transactions:				
Total unit transactions	956	23,361	(549)	245
Net increase (decrease) in assets derived from principal transactions	956	23,361	(549)	245
Total increase (decrease) in net assets	1,355	27,225	133	282
<b>Net assets at December 31, 2004</b>	<u>\$ 5,546</u>	<u>\$ 27,225</u>	<u>\$ 8,178</u>	<u>\$ 282</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>Janus Advisor Series Balanced</b>	<b>Janus Aspen Balanced</b>	<b>Janus Aspen Capital Appreciation</b>	<b>Janus Aspen Flexible Income</b>
<b>Net assets at January 1, 2003</b>	\$ -	\$ 353,540	\$ 2,019	\$ 92,271
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	4,325	(22)	3,431
Net realized gain (loss) on investments and capital gains distributions	-	4,890	(25)	2,292
Net unrealized appreciation (depreciation) during the year	-	36,186	573	(960)
Net increase (decrease) in net assets from operations	-	45,401	526	4,763
Changes from principal transactions:				
Total unit transactions	-	(13,847)	632	(7,040)
Net increase (decrease) in assets derived from principal transactions	-	(13,847)	632	(7,040)
Total increase (decrease) in net assets	-	31,554	1,158	(2,277)
<b>Net assets at December 31, 2003</b>	-	385,094	3,177	89,994
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	4,222	(32)	3,833
Net realized gain (loss) on investments and capital gains distributions	-	(2,816)	181	1,720
Net unrealized appreciation (depreciation) during the year	-	24,167	326	(3,208)
Net increase (decrease) in net assets from operations	-	25,573	475	2,345
Changes from contract transactions:				
Total unit transactions	-	(53,724)	(414)	(14,170)
Net increase (decrease) in assets derived from principal transactions	-	(53,724)	(414)	(14,170)
Total increase (decrease) in net assets	-	(28,151)	61	(11,825)
<b>Net assets at December 31, 2004</b>	\$ -	\$ 356,943	\$ 3,238	\$ 78,169

*The accompanying notes are an integral part of these financial statements.*



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>Janus Aspen Growth</b>	<b>Janus Aspen Mid Cap Growth</b>	<b>Janus Aspen Worldwide Growth</b>	<b>Janus Twenty</b>
<b>Net assets at January 1, 2003</b>	\$ 199,166	\$ 369,184	\$ 513,443	\$ 383
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(2,049)	(4,273)	277	(2)
Net realized gain (loss) on investments and capital gains distributions	(15,905)	(55,409)	(17,365)	(39)
Net unrealized appreciation (depreciation) during the year	76,212	179,054	123,499	143
Net increase (decrease) in net assets from operations	58,258	119,372	106,411	102
Changes from principal transactions:				
Total unit transactions	(17,436)	(29,315)	(83,666)	78
Net increase (decrease) in assets derived from principal transactions	(17,436)	(29,315)	(83,666)	78
Total increase (decrease) in net assets	40,822	90,057	22,745	180
<b>Net assets at December 31, 2003</b>	239,988	459,241	536,188	563
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(1,962)	(4,706)	(408)	(6)
Net realized gain (loss) on investments and capital gains distributions	(24,092)	(86,576)	(19,474)	(13)
Net unrealized appreciation (depreciation) during the year	31,387	170,273	32,506	152
Net increase (decrease) in net assets from operations	5,333	78,991	12,624	133
Changes from contract transactions:				
Total unit transactions	(45,820)	(79,896)	(123,221)	34
Net increase (decrease) in assets derived from principal transactions	(45,820)	(79,896)	(123,221)	34
Total increase (decrease) in net assets	(40,487)	(905)	(110,597)	167
<b>Net assets at December 31, 2004</b>	<u>\$ 199,501</u>	<u>\$ 458,336</u>	<u>\$ 425,591</u>	<u>\$ 730</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>Lord Abbett Affiliated</b>	<b>Lord Abbett Growth and Income</b>	<b>Lord Abbett Mid-Cap Value - Class VC</b>	<b>Lord Abbett Mid Cap Value - Class A</b>
<b>Net assets at January 1, 2003</b>	\$ -	\$ 12,172	\$ 10,124	\$ 21
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	16	(52)	-
Net realized gain (loss) on investments and capital gains distributions	-	(40)	33	(2)
Net unrealized appreciation (depreciation) during the year	-	7,960	4,466	-
Net increase (decrease) in net assets from operations	-	7,936	4,447	(2)
Changes from principal transactions:				
Total unit transactions	-	30,424	13,938	(19)
Net increase (decrease) in assets derived from principal transactions	-	30,424	13,938	(19)
Total increase (decrease) in net assets	-	38,360	18,385	(21)
<b>Net assets at December 31, 2003</b>	-	50,532	28,509	-
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	-	(343)	-
Net realized gain (loss) on investments and capital gains distributions	3	911	1,906	8
Net unrealized appreciation (depreciation) during the year	10	9,290	12,041	21
Net increase (decrease) in net assets from operations	13	10,201	13,604	29
Changes from contract transactions:				
Total unit transactions	208	48,934	54,128	261
Net increase (decrease) in assets derived from principal transactions	208	48,934	54,128	261
Total increase (decrease) in net assets	221	59,135	67,732	290
<b>Net assets at December 31, 2004</b>	<u>\$ 221</u>	<u>\$ 109,667</u>	<u>\$ 96,241</u>	<u>\$ 290</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>Lord Abbett Small-Cap Value</b>	<b>Massachusetts Investors Growth Stock</b>	<b>MFS® Total Return</b>	<b>Moderate Allocation</b>
<b>Net assets at January 1, 2003</b>	\$ -	\$ -	\$ 39,338	\$ -
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	-	294	-
Net realized gain (loss) on investments and capital gains distributions	-	-	(263)	-
Net unrealized appreciation (depreciation) during the year	-	-	7,216	-
Net increase (decrease) in net assets from operations	-	-	7,247	-
Changes from principal transactions:				
Total unit transactions	-	-	11,448	-
Net increase (decrease) in assets derived from principal transactions	-	-	11,448	-
Total increase (decrease) in net assets	-	-	18,695	-
<b>Net assets at December 31, 2003</b>	-	-	58,033	-
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(1)	-	358	-
Net realized gain (loss) on investments and capital gains distributions	44	-	257	-
Net unrealized appreciation (depreciation) during the year	13	16	5,989	63
Net increase (decrease) in net assets from operations	56	16	6,604	63
Changes from contract transactions:				
Total unit transactions	474	164	10,121	-
Net increase (decrease) in assets derived from principal transactions	474	164	10,121	-
Total increase (decrease) in net assets	530	180	16,725	63
<b>Net assets at December 31, 2004</b>	<u>\$ 530</u>	<u>\$ 180</u>	<u>\$ 74,758</u>	<u>\$ 63</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>Mutual Discovery</b>	<b>New Perspective Fund® - Class R-3</b>	<b>New Perspective Fund® - Class R-4</b>	<b>Oppenheimer Capital Appreciation</b>
<b>Net assets at January 1, 2003</b>	\$ -	\$ -	\$ -	\$ -
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	-	-	-
Net realized gain (loss) on investments and capital gains distributions	-	-	-	-
Net unrealized appreciation (depreciation) during the year	-	-	-	-
Net increase (decrease) in net assets from operations	-	-	-	-
Changes from principal transactions:				
Total unit transactions	-	-	-	-
Net increase (decrease) in assets derived from principal transactions	-	-	-	-
Total increase (decrease) in net assets	-	-	-	-
<b>Net assets at December 31, 2003</b>	-	-	-	-
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	3	1	59	(1)
Net realized gain (loss) on investments and capital gains distributions	-	-	1	-
Net unrealized appreciation (depreciation) during the year	19	16	784	15
Net increase (decrease) in net assets from operations	22	17	844	14
Changes from contract transactions:				
Total unit transactions	164	187	7,794	203
Net increase (decrease) in assets derived from principal transactions	164	187	7,794	203
Total increase (decrease) in net assets	186	204	8,638	217
<b>Net assets at December 31, 2004</b>	<u>\$ 186</u>	<u>\$ 204</u>	<u>\$ 8,638</u>	<u>\$ 217</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>Oppenheimer Developing Markets</b>	<b>Oppenheimer Global</b>	<b>Oppenheimer Main Street Fund® - Class A</b>	<b>Oppenheimer Aggressive Growth</b>
<b>Net assets at January 1, 2003</b>	\$ 1,294	\$ -	\$ -	\$ 3
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	146	-	-	-
Net realized gain (loss) on investments and capital gains distributions	1,051	-	-	-
Net unrealized appreciation (depreciation) during the year	383	-	-	1
Net increase (decrease) in net assets from operations	1,580	-	-	1
Changes from principal transactions:				
Total unit transactions	3,374	-	-	-
Net increase (decrease) in assets derived from principal transactions	3,374	-	-	-
Total increase (decrease) in net assets	4,954	-	-	1
<b>Net assets at December 31, 2003</b>	6,248	-	-	4
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	324	-	-	-
Net realized gain (loss) on investments and capital gains distributions	799	-	-	-
Net unrealized appreciation (depreciation) during the year	4,988	-	1	-
Net increase (decrease) in net assets from operations	6,111	-	1	-
Changes from contract transactions:				
Total unit transactions	25,018	4	12	(1)
Net increase (decrease) in assets derived from principal transactions	25,018	4	12	(1)
Total increase (decrease) in net assets	31,129	4	13	(1)
<b>Net assets at December 31, 2004</b>	<u>\$ 37,377</u>	<u>\$ 4</u>	<u>\$ 13</u>	<u>\$ 3</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>Oppenheimer Global Securities</b>	<b>Oppenheimer Main Street® Fund/VA</b>	<b>Oppenheimer Main Street® Small Cap</b>	<b>Oppenheimer Strategic Bond</b>
<b>Net assets at January 1, 2003</b>	\$ 117,400	\$ 28	\$ -	\$ 16,662
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(560)	-	-	1,110
Net realized gain (loss) on investments and capital gains distributions	(6,014)	-	-	969
Net unrealized appreciation (depreciation) during the year	67,124	7	-	1,931
Net increase (decrease) in net assets from operations	60,550	7	-	4,010
Changes from principal transactions:				
Total unit transactions	73,093	(3)	-	11,935
Net increase (decrease) in assets derived from principal transactions	73,093	(3)	-	11,935
Total increase (decrease) in net assets	133,643	4	-	15,945
<b>Net assets at December 31, 2003</b>	251,043	32	-	32,607
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	402	-	-	1,381
Net realized gain (loss) on investments and capital gains distributions	218	-	-	788
Net unrealized appreciation (depreciation) during the year	58,591	3	1	899
Net increase (decrease) in net assets from operations	59,211	3	1	3,068
Changes from contract transactions:				
Total unit transactions	100,114	8	4	11,403
Net increase (decrease) in assets derived from principal transactions	100,114	8	4	11,403
Total increase (decrease) in net assets	159,325	11	5	14,471
<b>Net assets at December 31, 2004</b>	<u>\$ 410,368</u>	<u>\$ 43</u>	<u>\$ 5</u>	<u>\$ 47,078</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>Pax World Balanced</b>	<b>PIMCO NFJ Small-Cap Value</b>	<b>PIMCO VIT Real Return</b>	<b>Pioneer High Yield</b>
<b>Net assets at January 1, 2003</b>	\$ 1,605	\$ -	\$ -	\$ -
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	6	-	-	-
Net realized gain (loss) on investments and capital gains distributions	(35)	-	-	-
Net unrealized appreciation (depreciation) during the year	385	-	-	-
Net increase (decrease) in net assets from operations	356	-	-	-
Changes from principal transactions:				
Total unit transactions	1,644	-	-	-
Net increase (decrease) in assets derived from principal transactions	1,644	-	-	-
Total increase (decrease) in net assets	2,000	-	-	-
<b>Net assets at December 31, 2003</b>	3,605	-	-	-
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	25	1	7	5
Net realized gain (loss) on investments and capital gains distributions	189	3	312	10
Net unrealized appreciation (depreciation) during the year	1,039	5	(58)	(1)
Net increase (decrease) in net assets from operations	1,253	9	261	14
Changes from contract transactions:				
Total unit transactions	11,665	44	9,258	423
Net increase (decrease) in assets derived from principal transactions	11,665	44	9,258	423
Total increase (decrease) in net assets	12,918	53	9,519	437
<b>Net assets at December 31, 2004</b>	<u>\$ 16,523</u>	<u>\$ 53</u>	<u>\$ 9,519</u>	<u>\$ 437</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>Pioneer Equity Income VCT</b>	<b>Pioneer Fund</b>	<b>Pioneer Fund VCT</b>	<b>Pioneer High Yield VCT</b>
<b>Net assets at January 1, 2003</b>	\$ 3,782	\$ -	\$ 432	\$ -
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	105	-	2	-
Net realized gain (loss) on investments and capital gains distributions	(9)	-	(3)	-
Net unrealized appreciation (depreciation) during the year	1,446	-	219	-
Net increase (decrease) in net assets from operations	1,542	-	218	-
Changes from principal transactions:				
Total unit transactions	5,367	-	872	-
Net increase (decrease) in assets derived from principal transactions	5,367	-	872	-
Total increase (decrease) in net assets	6,909	-	1,090	-
<b>Net assets at December 31, 2003</b>	10,691	-	1,522	-
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	259	-	3	48
Net realized gain (loss) on investments and capital gains distributions	551	-	85	59
Net unrealized appreciation (depreciation) during the year	1,984	-	136	65
Net increase (decrease) in net assets from operations	2,794	-	224	172
Changes from contract transactions:				
Total unit transactions	14,794	1	855	4,296
Net increase (decrease) in assets derived from principal transactions	14,794	1	855	4,296
Total increase (decrease) in net assets	17,588	1	1,079	4,468
<b>Net assets at December 31, 2004</b>	<u>\$ 28,279</u>	<u>\$ 1</u>	<u>\$ 2,601</u>	<u>\$ 4,468</u>

*The accompanying notes are an integral part of these financial statements.*



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>Pioneer Mid Cap Value VCT</b>	<b>Scudder Equity 500 Index</b>	<b>T. Rowe Price Mid-Cap Value</b>	<b>Templeton Foreign</b>
<b>Net assets at January 1, 2003</b>	\$ 2,143	\$ -	\$ -	\$ -
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(38)	-	-	(6)
Net realized gain (loss) on investments and capital gains distributions	85	-	-	-
Net unrealized appreciation (depreciation) during the year	1,583	-	-	-
Net increase (decrease) in net assets from operations	1,630	-	-	(6)
Changes from principal transactions:				
Total unit transactions	7,962	-	-	6
Net increase (decrease) in assets derived from principal transactions	7,962	-	-	6
Total increase (decrease) in net assets	9,592	-	-	-
<b>Net assets at December 31, 2003</b>	11,735	-	-	-
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(201)	-	-	6
Net realized gain (loss) on investments and capital gains distributions	623	-	34	1
Net unrealized appreciation (depreciation) during the year	5,908	-	27	47
Net increase (decrease) in net assets from operations	6,330	-	61	54
Changes from contract transactions:				
Total unit transactions	31,599	2	558	396
Net increase (decrease) in assets derived from principal transactions	31,599	2	558	396
Total increase (decrease) in net assets	37,929	2	619	450
<b>Net assets at December 31, 2004</b>	<u>\$ 49,664</u>	<u>\$ 2</u>	<u>\$ 619</u>	<u>\$ 450</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>Templeton Growth</b>	<b>Templeton Global Bond</b>	<b>UBS U.S. Small Cap Growth</b>	<b>Vanguard® 500 Index</b>
<b>Net assets at January 1, 2003</b>	\$ -	\$ -	\$ -	\$ -
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	-	-	-
Net realized gain (loss) on investments and capital gains distributions	-	-	-	-
Net unrealized appreciation (depreciation) during the year	-	-	-	-
Net increase (decrease) in net assets from operations	-	-	-	-
Changes from principal transactions:				
Total unit transactions	-	-	-	-
Net increase (decrease) in assets derived from principal transactions	-	-	-	-
Total increase (decrease) in net assets	-	-	-	-
<b>Net assets at December 31, 2003</b>	-	-	-	-
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	1	57	-	-
Net realized gain (loss) on investments and capital gains distributions	2	8	1	-
Net unrealized appreciation (depreciation) during the year	3	368	5	(5)
Net increase (decrease) in net assets from operations	6	433	6	(5)
Changes from contract transactions:				
Total unit transactions	55	6,342	42	18
Net increase (decrease) in assets derived from principal transactions	55	6,342	42	18
Total increase (decrease) in net assets	61	6,775	48	13
<b>Net assets at December 31, 2004</b>	<u>\$ 61</u>	<u>\$ 6,775</u>	<u>\$ 48</u>	<u>\$ 13</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>Vanguard® Variable Insurance</b>	<b>Wanger Select</b>	<b>Wanger U.S. Smaller Companies</b>	<b>Washington Mutual Investors<sup>SM</sup> - Class R-3</b>
<b>Net assets at January 1, 2003</b>	\$ -	\$ -	\$ -	\$ -
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	-	-	-	-
Net realized gain (loss) on investments and capital gains distributions	-	-	-	-
Net unrealized appreciation (depreciation) during the year	-	-	-	-
Net increase (decrease) in net assets from operations	-	-	-	-
Changes from principal transactions:				
Total unit transactions	-	-	-	-
Net increase (decrease) in assets derived from principal transactions	-	-	-	-
Total increase (decrease) in net assets	-	-	-	-
<b>Net assets at December 31, 2003</b>	-	-	-	-
<b>Increase (decrease) in net assets from operations</b>				
Operations:				
Net investment income (loss)	(1)	(8)	(7)	5
Net realized gain (loss) on investments and capital gains distributions	-	205	(9)	10
Net unrealized appreciation (depreciation) during the year	17	90	236	54
Net increase (decrease) in net assets from operations	16	287	220	69
Changes from contract transactions:				
Total unit transactions	192	1,940	1,935	1,163
Net increase (decrease) in assets derived from principal transactions	192	1,940	1,935	1,163
Total increase (decrease) in net assets	208	2,227	2,155	1,232
<b>Net assets at December 31, 2004</b>	<u>\$ 208</u>	<u>\$ 2,227</u>	<u>\$ 2,155</u>	<u>\$ 1,232</u>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Statements of Changes in Net Assets**  
**For the years ended December 31, 2004 and 2003**  
*(Dollars in thousands)*

	<b>Washington Mutual Investors<sup>SM</sup> - Class R-4</b>
<b>Net assets at January 1, 2003</b>	<b>\$ -</b>
<b>Increase (decrease) in net assets from operations</b>	
Operations:	
Net investment income (loss)	-
Net realized gain (loss) on investments and capital gains distributions	-
Net unrealized appreciation (depreciation) during the year	-
Net increase (decrease) in net assets from operations	-
Changes from principal transactions:	
Total unit transactions	-
Net increase (decrease) in assets derived from principal transactions	-
Total increase (decrease) in net assets	-
<b>Net assets at December 31, 2003</b>	<b>-</b>
<b>Increase (decrease) in net assets from operations</b>	
Operations:	
Net investment income (loss)	124
Net realized gain (loss) on investments and capital gains distributions	299
Net unrealized appreciation (depreciation) during the year	1,462
Net increase (decrease) in net assets from operations	1,885
Changes from contract transactions:	
Total unit transactions	33,974
Net increase (decrease) in assets derived from principal transactions	33,974
Total increase (decrease) in net assets	35,859
<b>Net assets at December 31, 2004</b>	<b>\$ 35,859</b>

*The accompanying notes are an integral part of these financial statements.*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

---

**1. Organization**

ING Life Insurance and Annuity Company Variable Annuity Account C (the “Account”) was established by ING Life Insurance and Annuity Company (“ILIAC” or the “Company”) to support the operations of variable annuity contracts (“Contracts”). The Company is a wholly-owned subsidiary of ING America Insurance Holdings, Inc. (“ING AIH”), an insurance holding company domiciled in the State of Delaware. ING AIH is a wholly-owned subsidiary of ING Groep, N.V., a global financial services holding company based in The Netherlands.

The Account is registered as a unit investment trust with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. ILIAC provides for variable accumulation and benefits under the Contracts by crediting annuity considerations to one or more divisions within the Account or the fixed separate account, which is not part of the Account, as directed by the Contractowners. The portion of the Account’s assets applicable to Contracts will not be charged with liabilities arising out of any other business ILIAC may conduct, but obligations of the Account, including the promise to make benefit payments, are obligations of ILIAC. The assets and liabilities of the Account are clearly identified and distinguished from the other assets and liabilities of ILIAC.

At December 31, 2004, the Account had 145 investment divisions (the “Divisions”), 81 of which invest in independently managed mutual funds and 64 of which invest in mutual funds managed by affiliates, either ING Investments, LLC or ING Life Insurance and Annuity Company. The assets in each Division are invested in shares of a designated fund (“Fund”) of various investment trusts (the “Trusts”). Investment Divisions at December 31, 2004 and related Trusts are as follows:

AIM Growth Series:	Baron Asset Fund**
AIM Health Sciences Fund - Investor Class**	Baron Growth Fund*
AIM Mid Cap Core Equity Fund - Class A**	Calvert Variable Series, Inc.:
AIM Small Cap Growth Fund - Class A**	Calvert Social Balanced Portfolio
AIM Variable Insurance Funds:	EuroPacific Growth Fund® - Class R-3**
AIM V.I. Capital Appreciation Fund - Series I	EuroPacific Growth Fund® - Class R-4**
AIM V.I. Core Equity Fund - Series I	Evergreen Special Values Fund - Class A
AIM V.I. Growth Fund - Series I	Fidelity® Advisor Mid Cap Fund - Class T**
AIM V.I. Premier Equity Fund - Series I	Fidelity® Variable Insurance Products:
Alliance Bernstein Variable Products Series Fund, Inc.:	Fidelity® VIP Contrafund® Portfolio - Initial Class
Alliance Bernstein Growth and Income Fund - Class A**	Fidelity® VIP Equity-Income Portfolio - Initial Class
Alliance Bernstein Growth and Income Portfolio**	Fidelity® VIP Growth Portfolio - Initial Class
American Balanced Fund® - Class R-3**	Fidelity® VIP High Income Portfolio-Initial Class
American Century® Income & Growth Fund-Advisor Class	Fidelity® VIP <i>Asset Manager</i> <sup>SM</sup> Portfolio - Initial Class
Ariel Investment Trust:	Fidelity® VIP Index 500 Portfolio-Initial Class
Ariel Appreciation Fund**	Fidelity® VIP Overseas Portfolio-Initial Class
Ariel Fund**	

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

---

Franklin Strategic Series:

Franklin Small-Mid Cap Growth Fund - Class A\*\*

Franklin Templeton Variable Insurance Products Trust:

Franklin Small Cap Value Securities Fund - Class 2

The Growth Fund of America® - Class R-3\*\*

The Growth Fund of America® - Class R-4\*\*

The Income Fund of America® - Class R-3\*\*

ING GET Fund:

ING GET Fund - Series H

ING GET Fund - Series I

ING GET Fund - Series J

ING GET Fund - Series K

ING GET Fund - Series L

ING GET Fund - Series Q

ING GET Fund - Series S

ING VP Balanced Portfolio, Inc. - Class I

ING VP Emerging Markets Fund

ING VP Intermediate Bond Portfolio - Class I

ING VP Money Market Portfolio - Class I

ING VP Natural Resources Trust

ING Investors Trust:

ING Julius Baer Foreign Portfolio - Service Class\*\*

ING MFS Total Return Portfolio - Service Class\*\*

ING T. Rowe Price Equity Income Portfolio - Service Class\*

ING Partners, Inc.:

ING Aeltus Enhanced Index Portfolio - Service Class\*

ING American Century Select Portfolio - Service Class\*\*

ING American Century Small Cap Value Portfolio - Service Class

ING Baron Small Cap Growth Portfolio - Service Class

ING Goldman Sachs® Capital Growth Portfolio - Service Class

ING JPMorgan International Portfolio - Initial Class

ING JPMorgan Mid Cap Value Portfolio - Service Class

ING MFS Capital Opportunities Portfolio - Initial Class

ING OpCap Balanced Value Portfolio - Service Class

ING Oppenheimer Global Portfolio - Service Class\*\*

ING PIMCO Total Return Portfolio - Service Class

ING Salomon Brothers Aggressive Growth Portfolio - Initial Class

ING Partners, Inc. (continued):

ING Salomon Brothers Aggressive Growth Portfolio - Service Class\*\*

ING Salomon Brothers Fundamental Value Portfolio - Service Class

ING Salomon Brothers Investors Value Portfolio - Service Class

ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Service Class

ING T. Rowe Price Growth Equity Portfolio - Initial Class

ING T. Rowe Price Growth Equity Portfolio - Service Class\*\*

ING UBS U.S. Large Cap Equity Portfolio - Initial Class

ING Van Kampen Comstock Portfolio - Service Class

ING Van Kampen Equity and Income Portfolio - Service Class

ING Strategic Allocation Portfolios, Inc.:

ING VP Strategic Allocation Balanced Portfolio - Class I

ING VP Strategic Allocation Growth Portfolio - Class I

ING VP Strategic Allocation Income Portfolio - Class I

ING Financial Services Fund - Class A\*\*

ING Variable Funds:

ING VP Growth and Income Portfolio - Class I

ING Variable Insurance Trust:

ING GET US Core Portfolio - Series 1\*

ING GET US Core Portfolio - Series 2\*

ING GET US Core Portfolio - Series 3\*

ING GET US Core Portfolio - Series 5\*\*

ING GET US Core Portfolio - Series 6\*\*

ING GET US Core Portfolio - Series 7\*\*

ING GNMA Income Fund - Class A\*\*

ING Intermediate Bond Fund - Class A\*\*

ING Variable Portfolios, Inc.:

ING VP Global Science and Technology Portfolio - Class I

ING VP Growth Portfolio - Class I

ING VP Index Plus LargeCap Portfolio - Class I

ING VP Index Plus MidCap Portfolio - Class I

ING VP Index Plus SmallCap Portfolio - Class I

ING VP International Equity Portfolio - Class I

ING VP Small Company Portfolio - Class I

ING VP Value Opportunity Portfolio - Class I

ING Variable Products Trust:

ING VP Financial Services Portfolio - Class I\*\*

ING VP International Value Portfolio - Class I

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

---

ING Variable Products Trust (continued):  
 ING VP MagnaCap Portfolio - Class I  
 ING VP MidCap Opportunities Portfolio-Class I  
 ING VP Real Estate Portfolio - Class I\*\*  
 ING VP SmallCap Opportunities Portfolio-  
 Class I  
 ING Real Estate Fund - Class A\*\*  
 Janus Advisor Series Balanced Fund - Class I\*\*  
 Janus Aspen Series:  
     Janus Aspen Balanced Portfolio-Institutional  
     Shares  
     Janus Aspen Capital Appreciation Portfolio-  
     Service Shares  
     Janus Aspen Flexible Income Portfolio-  
     Institutional Shares  
     Janus Aspen Growth Portfolio-Institutional  
     Shares  
     Janus Aspen Mid Cap Growth Portfolio-  
     Institutional Shares  
     Janus Aspen Worldwide Growth Portfolio-  
     Institutional Shares  
 Janus Twenty Fund  
 Lord Abbett Affiliated Fund - Class A\*\*  
 Lord Abbett Series Fund, Inc.:  
     Lord Abbett Growth and Income Portfolio –  
     Class VC  
     Lord Abbett Mid-Cap Value Portfolio-Class VC  
     Lord Abbett Mid Cap Value Fund - Class A\*\*  
     Lord Abbett Small-Cap Value Fund - Class A\*\*  
 Massachusetts Investors Growth Stock Fund -  
 Class A\*\*  
 MFS® Variable Insurance Trust<sup>SM</sup>:  
     MFS® Total Return Series-Initial Class  
 Moderate Allocation Portfolio\*\*  
 Mutual Discovery Fund - Class R\*\*  
 New Perspective Fund® - Class R-3\*\*  
 New Perspective Fund® - Class R-4\*\*  
 Oppenheimer Capital Appreciation Fund -  
 Class A\*\*  
 Oppenheimer Developing Markets Fund - Class A

Oppenheimer Global Fund - Class A\*\*  
 Oppenheimer Main Street Fund® - Class A\*\*  
 Oppenheimer Variable Account Funds:  
     Oppenheimer Aggressive Growth Fund/VA  
     Oppenheimer Global Securities Fund/VA  
     Oppenheimer Main Street® Fund/VA  
     Oppenheimer Main Street® Small Cap  
     Fund/VA\*\*  
     Oppenheimer Strategic Bond Fund/VA  
 Pax World Balanced Fund, Inc.  
 PIMCO NFJ Small-Cap Value Fund - Class A\*\*  
 PIMCO VIT Real Return Portfolio - Admin Class\*\*  
 Pioneer High Yield Fund - Class A\*\*  
 Pioneer Variable Contracts Trust:  
     Pioneer Equity Income VCT Portfolio-Class I  
     Pioneer Fund - Class A\*\*  
     Pioneer Fund VCT Portfolio-Class I  
     Pioneer High Yield VCT Portfolio - Class I\*\*  
     Pioneer Mid Cap Value VCT Portfolio-Class I  
 Scudder Equity 500 Index Fund\*\*  
 T. Rowe Price Mid-Cap Value Fund - R Class\*\*  
 Templeton Foreign Fund - Class A\*\*  
 Templeton Growth Fund, Inc. - Class A\*\*  
 Templeton Income Trust:  
     Templeton Global Bond Fund - Class A\*\*  
 UBS U.S. Small Cap Growth Fund - Class A\*\*  
 Vanguard® 500 Index Fund - Investor Shares\*\*  
 Vanguard® Variable Insurance Fund - Equity  
 Income Portfolio\*\*  
 Wangers Advisors Trust:  
     Wanger Select\*\*  
     Wanger U.S. Smaller Companies\*\*  
 Washington Mutual Investors Fund<sup>SM</sup> - Class R-3\*\*  
 Washington Mutual Investors Fund<sup>SM</sup> - Class R-4\*\*

\* Investment Division added in 2003

\*\* Investment Division added in 2004

# ING LIFE INSURANCE AND ANNUITY COMPANY

## VARIABLE ANNUITY ACCOUNT C

### Notes to Financial Statements

The names of certain Divisions were changed during 2004. The following is a summary of current and former names for those Divisions:

Current Name	Former Name
ING VP Balanced Portfolio, Inc. - Class I	ING VP Balanced Portfolio, Inc. - Class R
ING VP Intermediate Bond Portfolio - Class I	ING VP Bond Portfolio - Class R
ING VP Money Market Portfolio - Class I	ING VP Money Market Portfolio - Class R
ING Partners, Inc.:	ING Partners, Inc.:
ING Aeltus Enhanced Index Portfolio - Service Class	ING DSI Enhanced Index Portfolio - Service Class
ING JP Morgan International Portfolio - Initial Class	ING JP Morgan Fleming International Portfolio - Initial Class
ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class	ING Alger Aggressive Growth - Initial Class
ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Service Class	ING Alger Aggressive Growth - Service Class
ING Van Kampen Equity and Income Portfolio - Service Class	ING UBS Tactical Asset Allocation Portfolio - Service Class
ING UBS U.S. Large Cap Equity Portfolio - Initial Class	ING MFS Research Equity Portfolio - Initial Class
ING Strategic Allocation Portfolios, Inc.:	ING Strategic Allocation Portfolios, Inc.:
ING VP Strategic Allocation Balanced Portfolio - Class I	ING VP Strategic Allocation Balanced Portfolio - Class R
ING VP Strategic Allocation Growth Portfolio - Class I	ING VP Strategic Allocation Growth Portfolio - Class R
ING VP Strategic Allocation Income Portfolio - Class I	ING VP Strategic Allocation Income Portfolio - Class R
ING Variable Funds:	ING Variable Funds:
ING VP Growth and Income Portfolio - Class I	ING VP Growth and Income Portfolio - Class R
ING Variable Portfolios, Inc.:	ING Variable Portfolios, Inc.:
ING VP Growth Portfolio - Class I	ING VP Growth Portfolio - Class R
ING VP Index Plus LargeCap Portfolio - Class I	ING VP Index Plus LargeCap Portfolio - Class R
ING VP Index Plus MidCap Portfolio - Class I	ING VP Index Plus MidCap Portfolio - Class R
ING VP Index Plus SmallCap Portfolio - Class I	ING VP Index Plus SmallCap Portfolio - Class R
ING VP International Equity Portfolio - Class I	ING VP International Equity Portfolio - Class R
ING VP Small Company Portfolio - Class I	ING VP Small Company Portfolio - Class R
ING VP Value Opportunity Portfolio - Class I	ING VP Value Opportunity Portfolio - Class R
ING VP Global Science and Technology Portfolio - Class I	ING VP Technology Portfolio - Class R
ING Variable Products Trust:	ING Variable Products Trust:
ING Growth Opportunities Portfolio - Class I	ING Growth Opportunities Portfolio - Class R
ING VP International Value Portfolio - Class I	ING VP International Value Portfolio - Class R
ING VP MagnaCap Portfolio - Class I	ING VP MagnaCap Portfolio - Class R
ING VP MidCap Opportunities Portfolio - Class I	ING VP MidCap Opportunities Portfolio - Class R
ING VP SmallCap Opportunities Portfolio - Class I	ING VP SmallCap Opportunities Portfolio - Class R



**ING LIFE INSURANCE AND ANNUITY COMPANY  
VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

---

During 2004, the following Divisions were closed to Contractowners:

ING GET Fund - Series D  
ING GET Fund - Series E  
ING GET Fund - Series G

ING T. Rowe Price Diversified Mid Cap Growth  
Portfolio - Initial Class  
ING VP Growth Opportunities Portfolio - Class I

**2. Significant Accounting Policies**

The following is a summary of the significant accounting policies of the Account:

*Use of Estimates*

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

*Investments*

Investments are made in shares of a Fund and are recorded at fair value, determined by the net asset value per share of the respective Fund. Investment transactions in each Fund are recorded on the trade date. Distributions of net investment income and capital gains from each Fund are recognized on the ex-distribution date. Realized gains and losses on redemptions of the shares of the Fund are determined on a first-in, first-out basis. The difference between cost and current market value on the day of measurement is recorded as unrealized appreciation or depreciation of investments.

*Federal Income Taxes*

Operations of the Account form a part of, and are taxed with, the total operations of ILIAC, which is taxed as a life insurance company under the Internal Revenue Code. Earnings and realized capital gains of the Account attributable to the Contractowners are excluded in the determination of the federal income tax liability of ILIAC.

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

---

*Variable Annuity Reserves*

Prior to the annuity date, the Contracts are redeemable for the net cash surrender value of the Contracts. The annuity reserves are equal to the aggregate account values of the Contractowners invested in the Account Divisions. Net assets allocated to contracts in the payout period are computed according to the 1983a Individual Annuitant Mortality Table. The assumed investment return is 3.5% unless the Contractowner elects otherwise, in which case the rate may vary from 3.5% to 7%, as regulated by the laws of the respective states. The mortality risk is fully borne by ILIAC and may result in additional amounts being transferred into the Account by ILIAC to cover greater longevity of annuitants than expected. Conversely, if amounts allocated exceed amounts required, transfers may be made to the Company.

**3. Charges and Fees**

Under the terms of the Contracts, certain charges are allocated to the Contracts to cover ILIAC's expenses in connection with the issuance and administration of the Contracts. Following is a summary of these charges:

*Mortality and Expense Risk Charges*

ILIAC assumes mortality and expense risks related to the operations of the Account and, in accordance with the terms of the Contracts, deducts a daily charge from the assets of the Account. Daily charges are deducted at annual rates of up to 1.50% of the average daily net asset value of each Division of the Account to cover these risks, as specified in the Contract.

*Administrative Charges*

A daily charge at an annual rate of up to 0.25% of the assets attributable to the Contracts is deducted, as specified in the Contract, for administrative charges related to the Account.

*Contract Maintenance Charges*

For certain Contracts, an annual Contract maintenance fee of up to \$30 may be deducted from the accumulation value of Contracts to cover ongoing administrative expenses, as specified in the Contract.

*Contingent Deferred Sales Charges*

For certain Contracts, a contingent deferred sales charge is imposed as a percentage of each premium payment if the Contract is surrendered or an excess partial withdrawal is taken, and currently ranges up to 7%, as specified in the Contract.

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

---

*Premium Taxes*

For certain Contracts, premium taxes are deducted, where applicable, from the accumulation value of each Contract. The amount and timing of the deduction depends on the Contractowner's state of residence and currently ranges up to 4.0% of premiums.

**4. Related Party Transactions**

During the year ended December 31, 2004, management and service fees were paid indirectly to ING Investments, LLC, an affiliate of the Company, in its capacity as investment adviser to the ING GET Fund, ING GNMA Income Fund, ING Intermediate Bond Fund, ING VP Intermediate Bond Portfolio, ING VP Money Market Portfolio, ING VP Balanced Portfolio, Inc., ING Strategic Allocation Portfolios, Inc., ING Variable Funds, ING Variable Insurance Trust, ING Variable Portfolios, Inc., ING VP Emerging Markets Fund, ING VP Natural Resources Trust, ING Strategic Allocation Portfolios, Inc., ING VP Growth and Income Portfolio, ING Variable Products Trust, and ING Real Estate Fund. The annual fee rate ranged from 0.25% to 1.00% of the average net assets of each respective Fund or Fund of the Trust. In addition, management fees were paid to ING Life Insurance and Annuity Company, an affiliate, in its capacity as investment adviser to ING Partners, Inc. The annual fee rate ranged from 0.50% to 0.90% of the average net assets of each respective Fund of the Trust. Management fees were also paid indirectly to Directed Services, Inc., an affiliate of the Company, in its capacity as investment manager to ING Investors Trust. The Fund's advisory agreement provided for a fee at an annual rate ranging from 0.63% to 0.94% of the average net assets of each respective Portfolio.

**5. Funds of Funds**

The Account had one Lifestyle Fund at December 31, 2004. The Lifestyle Fund invests in other Divisions of the Account (the "Underlying Funds"), as well as in fixed interest divisions, which are not part of the Account. The Lifestyle Fund's percentage ownership in Underlying Funds and fixed interest divisions at December 31, 2004, was as follows:

<b>Underlying Fund</b>	<b>Moderate Allocation</b>
Baron Growth Fund	10%
ING Index Plus MidCap Fund - Class R	10%
ING Intermediate Bond Fund - Class I	15%
ING International SmallCap Growth Fund - Class A	5%
Lord Abbett Affiliated Fund - Class A	10%
The Growth Fund of America® - Class A	15%
Vanguard® 500 Index Fund - Investor Shares	10%
Fixed interest divisions	25%

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

**6. Purchases and Sales of Investment Securities**

The aggregate cost of purchases and proceeds from sales of investments follow:

	Year ended December 31			
	2004		2003	
	Purchases	Sales	Purchases	Sales
	<i>(Dollars in thousands)</i>			
AIM Growth Series:				
AIM Health Sciences	\$ 19	\$ -	\$ -	\$ -
AIM Mid Cap Core Equity	197	3	-	-
AIM Small Cap Growth	-	-	-	-
AIM Variable Insurance Funds:				
AIM V.I. Capital Appreciation	1,654	2,937	3,360	2,720
AIM V.I. Core Equity	2,162	9,311	3,229	3,479
AIM V.I. Growth	2,126	2,899	3,261	1,503
AIM V.I. Premier Equity	1,643	4,004	2,727	1,780
Alliance Bernstein Variable Products Series Fund, Inc.:				
Alliance Bernstein Growth and Income Fund	20	-	-	-
Alliance Bernstein Growth and Income Portfolio	57	9	-	-
American Balanced Fund®	1,273	33	-	-
American Century® Income & Growth	2,231	701	1,932	1,032
Ariel Investment Trust:				
Ariel Appreciation	184	3	-	-
Ariel	148	1	-	-
Baron Asset	130	1	-	-
Baron Growth	351	1	130	129
Calvert Variable Series, Inc.:				
Calvert Social Balanced	9,157	7,544	6,802	4,502
EuroPacific Growth Fund® - R-3	524	25	-	-
EuroPacific Growth Fund® - R-4	17,240	2,246	-	-
Evergreen Special Values	28,102	1,963	5,901	2,000
Fidelity® Advisor Mid Cap	385	5	-	-
Fidelity® Variable Insurance Products:				
Fidelity® VIP Contrafund®	107,499	21,985	82,727	16,424
Fidelity® VIP Equity-Income	57,164	14,598	47,066	14,323
Fidelity® VIP Growth	21,802	34,986	35,922	23,493
Fidelity® VIP High Income	5,887	7,888	33,252	30,625
Fidelity® VIP Asset Manager <sup>SM</sup>	4,627	6,533	2,606	1,719
Fidelity® VIP Index 500	11,965	5,993	17,461	9,452
Fidelity® VIP Overseas	26,271	19,814	395,384	388,671
Franklin Strategic Series:				
Franklin Small-Mid Cap Growth	62	-	-	-
Franklin Templeton Variable Insurance Products Trust:				
Franklin Small Cap Value Securities	35,727	8,457	16,848	12,347

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Year ended December 31			
	2004		2003	
	Purchases	Sales	Purchases	Sales
	<i>(Dollars in thousands)</i>			
The Growth Fund of America® - Class R-3	\$ 1,249	\$ 14	\$ -	\$ -
The Growth Fund of America® - Class R-4	47,831	29	-	-
The Income Fund of America® - Class R-3	105	-	-	-
ING GET Fund:				
ING GET Fund - Series D	5,798	152,830	9,899	86,343
ING GET Fund - Series E	5,286	80,019	5,190	28,667
ING GET Fund - Series G	1,809	24,226	1,243	6,668
ING GET Fund - Series H	837	5,364	1,175	5,706
ING GET Fund - Series I	36	332	93	187
ING GET Fund - Series J	16	38	69	74
ING GET Fund - Series K	57	397	128	424
ING GET Fund - Series L	36	359	42	177
ING GET Fund - Series Q	150	614	-	889
ING GET Fund - Series S	1,379	9,609	84	16,041
ING VP Balanced	37,540	51,777	37,020	69,628
ING VP Emerging Markets	14,135	13,341	70,319	69,829
ING VP Intermediate Bond	125,882	96,548	33,833	102,976
ING VP Money Market	70,314	110,686	1,131,288	1,239,896
ING VP Natural Resources	10,592	5,600	5,744	6,927
ING Investors Trust:				
ING Julius Baer Foreign	2,216	929	-	-
ING MFS Total Return	19,854	716	7,972	85
ING T. Rowe Price Equity Income	26,224	805	2,306	353
ING Partners, Inc.:				
ING Aeltus Enhanced Index	2,645	2,038	684	111
ING American Century Select	2,189	2,382	2,164	521
ING American Century Small Cap Value	20,538	3,062	3,972	503
ING Baron Small Cap Growth	39,264	5,510	10,703	1,140
ING Goldman Sachs® Capital Growth	761	204	588	230
ING JPMorgan International	27,535	36,640	682,940	697,566
ING JPMorgan Mid Cap Value	10,789	1,764	3,093	684
ING MFS Capital Opportunities	3,975	28,297	7,070	18,461
ING OpCap Balanced Value	11,582	1,728	8,320	413
ING Oppenheimer Global	2,922	2,188	1,857	980
ING PIMCO Total Return	23,537	12,278	35,648	20,611
ING Salomon Brothers Aggressive Growth - Initial Class	8,616	40,713	24,087	25,896
ING Salomon Brothers Aggressive Growth - Service Class	89	74	-	-

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

	Year ended December 31			
	2004		2003	
	Purchases	Sales	Purchases	Sales
	<i>(Dollars in thousands)</i>			
ING Partners, Inc. (continued):				
ING Salomon Brothers Fundamental Value	\$ 3,462	\$ 3,271	\$ 11,986	\$ 3,925
ING Salomon Brother Investors Value	3,414	2,078	3,359	574
ING T. Rowe Price Diversified Mid Cap Growth - Initial Class	-	17	111	101
ING T. Rowe Price Diversified Mid Cap Growth - Service Class	5,699	6,093	9,052	1,688
ING T. Rowe Price Growth Equity - Initial Class	34,665	15,692	34,215	11,462
ING T. Rowe Price Growth Equity - Service Class	199	-	-	-
ING UBS U.S. Large Cap Equity	6,956	16,324	5,467	17,682
ING Van Kampen Comstock	37,045	5,632	20,406	485
ING Van Kampen Equity and Income	1,803	505	808	529
ING Strategic Allocation Portfolios, Inc.:				
ING VP Strategic Allocation Balanced	14,729	8,228	6,498	4,463
ING VP Strategic Allocation Growth	11,072	7,100	5,494	4,688
ING VP Strategic Allocation Income	12,768	12,208	4,504	5,584
ING Financial Services	14	5	-	-
ING Variable Funds:				
ING VP Growth and Income	95,716	345,382	14,919	348,130
ING Variable Insurance Trust:				
ING GET US Core - Series 1	17	229	2,371	72
ING GET US Core - Series 2	163	2,768	20,499	14
ING GET US Core - Series 3	72,277	20,035	207	-
ING GET US Core - Series 5	673	14	-	-
ING GET US Core - Series 6	6,826	1,290	-	-
ING GET US Core - Series 7	4,344	330	-	-
ING GNMA Income	533	128	-	-
ING Intermediate Bond	540	4	-	-
ING Variable Portfolios, Inc.:				
ING VP Global Science and Technology	12,570	17,824	33,815	21,297
ING VP Growth	5,054	16,997	9,981	13,305
ING VP Index Plus LargeCap	60,182	49,503	61,327	34,201
ING VP Index Plus MidCap	85,765	5,148	52,770	13,706
ING VP Index Plus SmallCap	45,854	6,578	33,506	15,899
ING VP International Equity	10,372	9,942	27,126	26,209
ING VP Small Company	14,104	27,514	81,863	72,364
ING VP Value Opportunity	6,785	39,511	10,678	19,264
ING Variable Products Trust:				
ING VP Financial Services	199	18	-	-
ING VP Growth Opportunities	538	1,897	1,325	347
ING VP International Value	28,395	9,954	17,423	3,598
ING VP MagnaCap	574	513	958	205

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Year ended December 31			
	2004		2003	
	Purchases	Sales	Purchases	Sales
	<i>(Dollars in thousands)</i>			
ING Variable Products Trust (continued):				
ING VP MidCap Opportunities	\$ 3,343	\$ 2,444	\$ 4,145	\$ 1,061
ING VP Real Estate	24,030	124	-	-
ING VP SmallCap Opportunities	2,250	2,865	5,880	1,236
ING Real Estate	264	1	-	-
Janus Advisor Series Balanced	-	-	-	-
Janus Aspen Series:				
Janus Aspen Balanced	18,989	68,491	40,324	49,846
Janus Aspen Capital Appreciation	645	1,091	1,344	734
Janus Aspen Flexible Income	13,791	23,472	27,330	30,939
Janus Aspen Growth	6,738	54,520	11,473	30,958
Janus Aspen Mid Cap Growth	6,887	91,489	26,548	60,136
Janus Aspen Worldwide Growth	15,748	139,377	31,915	115,304
Janus Twenty	98	70	141	65
Lord Abbett Affiliated	211	-	-	-
Lord Abbett Series Fund, Inc.:				
Lord Abbett Growth and Income	50,385	580	30,750	310
Lord Abbett Mid-Cap Value - Class VC	57,843	2,780	17,073	2,921
Lord Abbett Mid Cap Value - Class A	270	1	93	112
Lord Abbett Small-Cap Value	525	9	-	-
Massachusetts Investors Growth Stock	164	-	-	-
MFS® Variable Insurance Trust <sup>SM</sup> :				
MFS® Total Return	14,888	4,409	15,279	3,537
Moderate Allocation	1	1	-	-
Mutual Discovery	168	1	-	-
New Perspective Fund® - Class R-3	189	1	-	-
New Perspective Fund® - Class R-4	7,868	15	-	-
Oppenheimer Capital Appreciation	203	1	-	-
Oppenheimer Developing Markets	33,022	7,521	24,991	21,471
Oppenheimer Global	4	-	-	-
Oppenheimer Main Street Fund® - Class A	12	-	-	-
Oppenheimer Variable Account Funds:				
Oppenheimer Aggressive Growth	-	1	1	1
Oppenheimer Global Securities	111,120	10,604	82,514	9,981
Oppenheimer Main Street® - Fund/VA	13	5	-	3
Oppenheimer Main Street® Small Cap	4	-	-	-
Oppenheimer Strategic Bond	21,163	8,379	37,158	24,113

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

	Year ended December 31			
	2004		2003	
	Purchases	Sales	Purchases	Sales
	<i>(Dollars in thousands)</i>			
Pax World Balanced	\$ 14,148	\$ 2,458	\$ 1,863	\$ 213
PIMCO NFJ Small-Cap Value	48	-	-	-
PIMCO VIT Real Return	12,094	2,557	-	-
Pioneer High Yield	438	-	-	-
Pioneer Variable Contracts Trust:				
Pioneer Equity Income VCT	17,956	2,903	7,522	2,050
Pioneer Fund	1	-	-	-
Pioneer Fund VCT	1,317	459	990	116
Pioneer High Yield VCT	9,849	5,505	-	-
Pioneer Mid Cap Value VCT	32,841	1,225	9,551	1,627
Scudder Equity 500 Index	2	-	-	-
T. Rowe Price Mid-Cap Value	605	13	-	-
Templeton Foreign	404	1	60	60
Templeton Growth	60	2	-	-
Templeton Income Trust:				
Templeton Global Bond	6,516	117	-	-
UBS U.S. Small Cap Growth	48	5	-	-
Vanguard® 500 Index	18	-	-	-
Vanguard® Variable Insurance	193	2	-	-
Wangers Advisors Trust:				
Wanger Select	4,017	2,085	-	-
Wanger U.S. Smaller Companies	3,826	1,898	-	-
Washington Mutual Investors <sup>SM</sup> - Class R-3	1,189	11	-	-
Washington Mutual Investors <sup>SM</sup> - Class R-4	34,398	1	-	-



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

**7. Changes in Units**

The changes in units outstanding were as follows:

	Year Ended December 31			2003
	2004			Net Units
	Units Issued	Units Redeemed	Net Increase (Decrease)	Issued (Redeemed)
AIM Growth Series:				
AIM Health Sciences	2,121	-	2,121	-
AIM Mid Cap Equity	18,089	363	17,726	-
AIM Small Cap Growth	2	-	2	-
AIM Variable Insurance Funds:				
AIM V.I. Capital Appreciation	742,209	869,850	(127,641)	121,881
AIM V.I. Core Equity	1,291,268	2,215,263	(923,995)	(30,959)
AIM V.I. Growth	1,145,485	1,259,825	(114,340)	420,791
AIM V.I. Premier Equity	751,710	1,080,717	(329,007)	179,709
Alliance Bernstein Variable Product Series Fund, Inc.:				
Alliance Bernstein Growth and Income Fund	2,045	-	2,045	-
Alliance Bernstein Growth and Income Portfolio	5,250	825	4,425	-
American Balanced Fund®	123,582	3,442	120,140	-
American Century® Income & Growth	235,587	74,839	160,748	112,975
Ariel Investment Trust:				
Ariel Appreciation	17,879	265	17,614	-
Ariel	13,247	55	13,192	-
Baron Asset	11,207	120	11,087	-
Baron Growth	32,446	27	32,419	22
Calvert Variable Series, Inc.:				
Calvert Social Balanced	1,041,397	888,653	152,744	147,970
EuroPacific Growth Fund® - R-3	50,937	3,074	47,863	-
EuroPacific Growth Fund® - R-4	1,797,191	371,265	1,425,926	-
Evergreen Special Values	1,695,681	203,107	1,492,574	299,098
Fidelity® Advisor Mid Cap	37,590	494	37,096	-
Fidelity® Variable Insurance Products:				
Fidelity® VIP Contrafund®	11,489,088	6,904,554	4,584,534	4,004,285
Fidelity® VIP Equity-Income	6,906,749	4,382,178	2,524,571	2,232,358
Fidelity® VIP Growth	7,136,852	7,655,957	(519,105)	1,287,068
Fidelity® VIP High Income	668,003	966,956	(298,953)	337,345
Fidelity® VIP <i>Asset Manager</i> <sup>SM</sup>	243,157	373,104	(129,947)	24,732
Fidelity® VIP Index 500	580,064	318,865	261,199	402,973
Fidelity® VIP Overseas	3,021,891	2,493,825	528,066	789,491
Franklin Strategic Series:				
Franklin Small-Mid Cap Growth	6,429	-	6,429	-

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

	Year Ended December 31			
	2004			2003
	Units	Units	Net Increase	Net Units
	Issued	Redeemed	(Decrease)	Issued
				(Redeemed)
Franklin Templeton Variable Insurance Products Trust:				
Franklin Small Cap Value Securities	3,340,616	1,293,673	2,046,943	452,082
The Growth Fund of America® - Class R-3	124,934	2,755	122,179	-
The Growth Fund of America® - Class R-4	5,160,827	423,312	4,737,515	-
The Income Fund of America® - Class R-3	9,948	-	9,948	-
ING GET Fund:				
ING GET Fund - Series D	173,322	15,121,211	(14,947,889)	(7,959,655)
ING GET Fund - Series E	332,271	7,921,265	(7,588,994)	(2,482,898)
ING GET Fund - Series G	152,141	2,453,706	(2,301,565)	(594,633)
ING GET Fund - Series H	71,808	553,919	(482,111)	(485,782)
ING GET Fund - Series I	391	31,291	(30,900)	(11,016)
ING GET Fund - Series J	-	3,174	(3,174)	(1,059)
ING GET Fund - Series K	-	36,528	(36,528)	(32,282)
ING GET Fund - Series L	-	33,717	(33,717)	(15,766)
ING GET Fund - Series Q	-	53,457	(53,457)	(80,054)
ING GET Fund - Series S	234,100	1,092,787	(858,687)	(1,517,841)
ING VP Balanced	6,444,389	6,836,684	(392,295)	(1,112,753)
ING VP Emerging Markets	1,647,146	1,581,428	65,718	102,010
ING VP Intermediate Bond	8,215,620	8,521,505	(305,885)	(3,323,438)
ING VP Money Market	11,292,974	14,025,254	(2,732,280)	(6,220,704)
ING VP Natural Resources	869,736	542,584	327,152	(81,853)
ING Investors Trust:				
ING Julius Baer Foreign	229,069	107,022	122,047	-
ING MFS Total Return	1,891,673	356,177	1,535,496	700,937
ING T. Rowe Price Equity Income	2,182,364	296,163	1,886,201	165,547
ING Partners, Inc.:				
ING Aeltus Enhanced Index	361,801	283,845	77,956	81,415
ING American Century Select	320,348	343,211	(22,863)	214,030
ING American Century Small Cap Value	1,941,068	562,491	1,378,577	355,593
ING Baron Small Cap Growth	3,819,436	1,181,534	2,637,902	940,630
ING Goldman Sachs® Capital Growth	96,777	41,417	55,360	40,099
ING JPMorgan International	3,086,669	3,493,363	(406,694)	(560,840)
ING JPMorgan Mid Cap Value	1,037,259	353,788	683,471	225,796
ING MFS Capital Opportunities	1,546,673	2,633,769	(1,087,096)	(537,394)
ING OpCap Balanced Value	1,291,880	525,561	766,319	692,988
ING Oppenheimer Global	293,242	230,406	62,836	94,892
ING PIMCO Total Return	3,073,334	2,046,501	1,026,833	1,327,641
ING Salomon Brothers Aggressive Growth -				
Initial Class	5,042,874	7,674,056	(2,631,182)	328,935

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Year Ended December 31			
	2004			2003
	Units Issued	Units Redeemed	Net Increase (Decrease)	Net Units Issued (Redeemed)
ING Partners, Inc. (continued):				
ING Salomon Brothers Aggressive Growth - Service Class	8,787	7,198	1,589	-
ING Salomon Brothers Fundamental Value	445,245	420,619	24,626	554,916
ING Salomon Brother Investors Value	374,791	268,450	106,341	253,762
ING T. Rowe Price Diversified Mid Cap Growth - Initial Class	-	1,154	(1,154)	1,154
ING T. Rowe Price Diversified Mid Cap Growth - Service Class	1,358,272	1,438,664	(80,392)	1,121,316
ING T. Rowe Price Growth Equity - Initial Class	4,770,419	3,524,768	1,245,651	1,554,224
ING T. Rowe Price Growth Equity - Service Class	20,449	78	20,371	-
ING UBS U.S. Large Cap Equity	2,141,739	2,820,470	(678,731)	(918,451)
ING Van Kampen Comstock	4,110,698	1,455,969	2,654,729	1,967,779
ING Van Kampen Equity and Income	93,390	38,374	55,016	7,611
ING Strategic Allocation Portfolios, Inc.:				
ING VP Strategic Allocation Balanced	2,104,345	1,638,746	465,599	108,957
ING VP Strategic Allocation Growth	1,598,014	1,292,531	305,483	98,672
ING VP Strategic Allocation Income	1,184,077	1,140,198	43,879	(108,451)
ING Financial Services	1,357	489	868	-
ING Variable Funds:				
ING VP Growth and Income	14,531,937	27,718,675	(13,186,738)	(17,517,346)
ING Variable Insurance Trust:				
ING GET US Core - Series 1	-	19,657	(19,657)	231,302
ING GET US Core - Series 2	100,626	334,903	(234,277)	2,055,233
ING GET US Core - Series 3	7,854,478	2,575,458	5,279,020	20,674
ING GET US Core - Series 5	67,403	952	66,451	-
ING GET US Core - Series 6	685,757	129,749	556,008	-
ING GET US Core - Series 7	434,458	32,788	401,670	-
ING GNMA Income	52,369	12,638	39,731	-
ING Intermediate Bond	53,075	1,008	52,067	-
ING Variable Portfolios, Inc.:				
ING VP Global Science and Technology	7,185,981	8,826,369	(1,640,388)	3,763,655
ING VP Growth	1,932,974	2,775,140	(842,166)	(183,843)
ING VP Index Plus LargeCap	9,746,045	8,875,064	870,981	2,013,333
ING VP Index Plus MidCap	8,240,855	3,533,221	4,707,634	2,691,961
ING VP Index Plus SmallCap	5,377,363	2,451,264	2,926,099	1,631,088
ING VP International Equity	1,728,037	1,670,535	57,502	135,837
ING VP Small Company	3,283,536	3,946,455	(662,919)	617,906
ING VP Value Opportunity	1,935,086	3,913,217	(1,978,131)	(669,895)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Year Ended December 31			
	2004			2003
	Units Issued	Units Redeemed	Net Increase (Decrease)	Net Units Issued (Redeemed)
ING Variable Products Trust:				
ING VP Financial Services	20,421	2,952	17,469	-
ING VP Growth Opportunities	88,916	252,428	(163,512)	137,247
ING VP International Value	3,743,766	2,066,960	1,676,806	1,554,185
ING VP MagnaCap	93,937	88,469	5,468	97,929
ING VP MidCap Opportunities	505,997	417,195	88,802	381,501
ING VP Real Estate	2,146,817	186,905	1,959,912	-
ING VP SmallCap Opportunities	651,403	734,610	(83,207)	723,325
ING Real Estate	22,279	75	22,204	-
Janus Advisor Series Balanced	8	-	8	-
Janus Aspen Series:				
Janus Aspen Balanced	4,861,068	7,327,168	(2,466,100)	(516,201)
Janus Aspen Capital Appreciation	82,616	140,531	(57,915)	96,747
Janus Aspen Flexible Income	1,996,838	2,768,202	(771,364)	(357,321)
Janus Aspen Growth	2,862,869	5,692,269	(2,829,400)	(1,192,449)
Janus Aspen Mid Cap Growth	6,055,797	10,760,444	(4,704,647)	(1,685,384)
Janus Aspen Worldwide Growth	5,649,716	12,560,154	(6,910,438)	(5,189,406)
Janus Twenty	21,684	14,890	6,794	18,414
Lord Abbett Affiliated	20,016	7	20,009	-
Lord Abbett Series Fund, Inc.:				
Lord Abbett Growth and Income	6,435,125	1,805,358	4,629,767	3,406,125
Lord Abbett Mid-Cap Value - Class VC	5,878,996	1,189,943	4,689,053	1,521,794
Lord Abbett Mid Cap Value - Class A	24,133	16	24,117	-
Lord Abbett Small-Cap Value	46,008	1,179	44,829	-
Massachusetts Investors Growth Stock	17,013	6	17,007	-
MFS® Variable Insurance Trust <sup>SM</sup> :				
MFS® Total Return	1,163,591	418,755	744,836	970,674
Moderate Allocation	5,863	-	5,863	-
Mutual Discovery	16,092	55	16,037	-
New Perspective Fund® - Class R-3	18,425	60	18,365	-
New Perspective Fund® - Class R-4	816,804	55,147	761,657	-
Oppenheimer Capital Appreciation	21,208	190	21,018	-
Oppenheimer Developing Markets	1,653,384	525,460	1,127,924	283,558
Oppenheimer Global	286	-	286	-
Oppenheimer Main Street Fund® - Class A	1,214	-	1,214	-

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

	Year Ended December 31			2003
	2004			Net Units
	Units	Units	Net Increase	Issued
	Issued	Redeemed	(Decrease)	(Redeemed)
Oppenheimer Variable Account Funds:				
Oppenheimer Aggressive Growth	1	1	-	-
Oppenheimer Global Securities	10,759,811	4,601,582	6,158,229	5,451,438
Oppenheimer Main Street® - Fund/VA	1,481	1,481	-	-
Oppenheimer Main Street® Small Cap	369	-	369	-
Oppenheimer Strategic Bond	2,350,521	1,514,577	835,944	996,074
Pax World Balanced	1,535,363	363,518	1,171,845	182,421
PIMCO NFJ Small-Cap Value	4,379	1	4,378	-
PIMCO VIT Real Return	1,377,653	495,693	881,960	-
Pioneer High Yield	41,804	2	41,802	-
Pioneer Variable Contracts Trust:				
Pioneer Equity Income	2,132,114	757,409	1,374,705	624,038
Pioneer Fund	111	-	111	107,358
Pioneer Fund VCT	182,191	91,003	91,188	-
Pioneer High Yield VCT	1,158,236	739,060	419,176	-
Pioneer Mid Cap Value VCT	3,023,990	605,598	2,418,392	738,490
Scudder Equity 500 Index	148	-	148	-
T. Rowe Price Mid-Cap Value	55,070	1,723	53,347	-
Templeton Foreign Fund	39,458	117	39,341	-
Templeton Growth	5,620	193	5,427	-
Templeton Income Trust:				
Templeton Global Bond	615,626	43,539	572,087	-
UBS U.S. Small Cap Growth	4,985	493	4,492	-
Vanguard® 500 Index	1,177	-	1,177	-
Vanguard® Variable Insurance	18,595	112	18,483	-
Wangers Advisors Trust:				
Wanger Select	394,479	199,589	194,890	-
Wanger U.S. Smaller Companies	379,919	193,959	185,960	-
Washington Mutual Investors <sup>SM</sup> - Class R-3	116,876	2,064	114,812	-
Washington Mutual Investors <sup>SM</sup> - Class R-4	3,519,330	210,096	3,309,234	-

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

---

**8. Unit Summary**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>AIM Health Sciences</b>			
Contracts in accumulation period:			
ING MAP PLUS NP17	<u>2,121.300</u>	\$ 10.00	<u>\$ 21,213</u>
	<u>2,121.300</u>		<u>\$ 21,213</u>
<b>AIM Mid Cap Core Equity</b>			
Contracts in accumulation period:			
ING MAP PLUS NP11	17,646.931	\$ 11.08	\$ 195,528
ING MAP PLUS NP30	<u>78.708</u>	10.99	<u>865</u>
	<u>17,725.639</u>		<u>\$ 196,393</u>
<b>AIM Small Cap Growth</b>			
Contracts in accumulation period:			
Qualified XII (1.00)	<u>1.772</u>	\$ 10.72	<u>\$ 19</u>
	<u>1.772</u>		<u>\$ 19</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>AIM V.I. Capital Appreciation</b>			
Contracts in accumulation period:			
Qualified VI	942,381.562	\$ 9.22	\$ 8,688,758
Qualified VIII	1,168.872	9.22	10,777
Qualified X (1.15)	5,909.375	9.28	54,839
Qualified X (1.25)	84,155.097	9.22	775,910
Qualified XII (0.05)	15,921.152	9.55	152,047
Qualified XII (0.15)	5,717.524	10.50	60,034
Qualified XII (0.25)	31,699.897	9.77	309,708
Qualified XII (0.30)	23,829.363	9.74	232,098
Qualified XII (0.45)	4,462.902	9.65	43,067
Qualified XII (0.55)	9,070.730	9.60	87,079
Qualified XII (0.60)	16,659.324	10.35	172,424
Qualified XII (0.65)	8,138.638	9.55	77,724
Qualified XII (0.70)	57,773.319	9.52	550,002
Qualified XII (0.75)	42,450.052	9.49	402,851
Qualified XII (0.80)	126,641.544	9.46	1,198,029
Qualified XII (0.85)	111,740.042	9.44	1,054,826
Qualified XII (0.90)	3,820.617	9.41	35,952
Qualified XII (0.95)	76,698.934	9.38	719,436
Qualified XII (1.00)	201,848.611	9.36	1,889,303
Qualified XII (1.05)	30,727.117	9.33	286,684
Qualified XII (1.10)	30,094.624	9.30	279,880
Qualified XII (1.15)	8,932.005	9.28	82,889
Qualified XII (1.20)	4,519.135	9.25	41,802
Qualified XII (1.25)	22,247.072	9.22	205,118
Qualified XII (1.30)	4,186.956	9.20	38,520
Qualified XII (1.35)	4,017.448	9.17	36,840
Qualified XII (1.40)	14,390.164	9.15	131,670
Qualified XII (1.45)	3,526.426	9.12	32,161
Qualified XII (1.50)	11,909.351	9.09	108,256
Qualified XV	5,425.855	9.36	50,786
Qualified XVI	20,528.273	9.09	186,602
Qualified XVII	938.570	9.23	8,663
Qualified XVIII	5,097.616	9.23	47,051
Qualified XXI	10,170.975	9.44	96,014
Qualified XXIV	96,589.692	9.41	908,909
Qualified XXV	16,697.983	9.42	157,295
Qualified XXVI	3,280.128	9.36	30,702
Qualified XXVII	214,415.599	5.77	1,237,178
Qualified XXXII	828.333	10.80	8,946
Qualified XXXIV (0.60)	3,211.594	10.35	33,240
	<u>2,281,822.471</u>		<u>\$ 20,524,070</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>AIM V.I. Core Equity</b>			
Currently payable annuity contracts:			\$ 12,309
Contracts in accumulation period:			
Qualified VI	2,137,810.469	\$ 8.31	17,765,205
Qualified VIII	726.747	8.30	6,032
Qualified X (1.15)	1,296.886	8.35	10,829
Qualified X (1.25)	143,502.166	8.31	1,192,503
Qualified XII (0.05)	17,499.652	8.60	150,497
Qualified XII (0.15)	2,793.471	11.18	31,231
Qualified XII (0.25)	67,573.947	8.79	593,975
Qualified XII (0.30)	22,710.376	8.77	199,170
Qualified XII (0.45)	11,259.379	8.69	97,844
Qualified XII (0.55)	38,654.513	8.64	333,975
Qualified XII (0.60)	56,091.198	11.02	618,125
Qualified XII (0.65)	4,679.743	8.59	40,199
Qualified XII (0.70)	67,046.908	8.57	574,592
Qualified XII (0.75)	50,383.041	8.55	430,775
Qualified XII (0.80)	279,744.366	8.52	2,383,422
Qualified XII (0.85)	167,903.529	8.50	1,427,180
Qualified XII (0.90)	2,255.372	8.47	19,103
Qualified XII (0.95)	120,403.788	8.45	1,017,412
Qualified XII (1.00)	632,274.703	8.42	5,323,753
Qualified XII (1.05)	106,782.143	8.40	896,970
Qualified XII (1.10)	58,397.852	8.38	489,374
Qualified XII (1.15)	36,127.185	8.35	301,662
Qualified XII (1.20)	4,804.801	8.33	40,024
Qualified XII (1.25)	36,651.023	8.31	304,570
Qualified XII (1.30)	436.232	8.28	3,612
Qualified XII (1.35)	4,625.181	8.26	38,204
Qualified XII (1.40)	22,295.504	8.23	183,492
Qualified XII (1.45)	3,197.686	8.21	26,253
Qualified XII (1.50)	13,406.838	8.19	109,802
Qualified XV	6,401.660	8.43	53,966
Qualified XVI	42,845.422	8.19	350,904
Qualified XVII	2,773.525	8.31	23,048
Qualified XVIII	7,404.572	8.31	61,532
Qualified XXI	6,085.059	8.50	51,723
Qualified XXIV	54,407.429	8.48	461,375
Qualified XXV	24,107.901	8.48	204,435
Qualified XXVI	17,356.109	8.43	146,312
Qualified XXVII	341,503.459	6.65	2,270,998
Qualified XXXII	3,018.638	11.16	33,688
Qualified XXXIII (0.65)	206.009	11.15	2,297
Qualified XXXIV (0.60)	2,782.305	11.02	30,661
	<u>4,620,226.787</u>		<u>\$ 38,313,033</u>



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>AIM V.I. Growth</b>			
Contracts in accumulation period:			
Qualified VI	1,324,872.089	\$ 5.84	\$ 7,737,253
Qualified X (1.15)	1,052.041	5.88	6,186
Qualified X (1.25)	127,838.528	5.84	746,577
Qualified XII (0.05)	8,494.069	6.07	51,559
Qualified XII (0.15)	1,979.049	9.26	18,326
Qualified XII (0.25)	23,934.088	6.19	148,152
Qualified XII (0.30)	22,102.918	6.17	136,375
Qualified XII (0.45)	288.072	6.12	1,763
Qualified XII (0.55)	18,988.487	6.08	115,450
Qualified XII (0.60)	13,198.465	9.12	120,370
Qualified XII (0.65)	11,707.769	6.05	70,832
Qualified XII (0.70)	75,997.679	6.03	458,266
Qualified XII (0.75)	28,167.555	6.01	169,287
Qualified XII (0.80)	183,652.254	5.99	1,100,077
Qualified XII (0.85)	192,221.572	5.98	1,149,485
Qualified XII (0.90)	3,856.879	5.96	22,987
Qualified XII (0.95)	121,858.923	5.94	723,842
Qualified XII (1.00)	276,501.011	5.93	1,639,651
Qualified XII (1.05)	58,460.576	5.91	345,502
Qualified XII (1.10)	45,644.143	5.89	268,844
Qualified XII (1.15)	12,576.190	5.88	73,948
Qualified XII (1.20)	10,063.140	5.86	58,970
Qualified XII (1.25)	30,867.637	5.84	180,267
Qualified XII (1.30)	711.320	5.83	4,147
Qualified XII (1.35)	3,415.491	5.81	19,844
Qualified XII (1.40)	24,265.975	5.79	140,500
Qualified XII (1.45)	1,707.439	5.78	9,869
Qualified XII (1.50)	10,115.104	5.76	58,263
Qualified XV	9,649.748	5.95	57,416
Qualified XVI	41,815.798	5.76	240,859
Qualified XVII	3,350.769	5.85	19,602
Qualified XVIII	4,704.958	5.85	27,524
Qualified XXI	9,981.000	6.00	59,886
Qualified XXIV	58,064.765	5.96	346,066
Qualified XXV	14,648.743	5.97	87,453
Qualified XXVI	16,886.003	5.93	100,134
Qualified XXVII	229,492.601	4.46	1,023,537
Qualified XXXII	1,913.653	11.06	21,165
Qualified XXXIV (0.60)	3,837.062	9.12	34,994
	<u>3,028,883.563</u>		<u>\$ 17,595,228</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>AIM V.I. Premier Equity</b>			
Currently payable annuity contracts:			\$ 4,251
Contracts in accumulation period:			
Qualified VI	939,734.678	\$ 7.44	6,991,626
Qualified VIII	4.570	7.44	34
Qualified X (1.15)	9,256.685	7.48	69,240
Qualified X (1.25)	91,125.537	7.44	677,974
Qualified XII (0.05)	6,843.376	7.70	52,694
Qualified XII (0.15)	1,909.550	9.11	17,396
Qualified XII (0.25)	17,822.081	7.88	140,438
Qualified XII (0.30)	20,275.572	7.86	159,366
Qualified XII (0.45)	128,592.683	7.79	1,001,737
Qualified XII (0.55)	36,407.355	7.75	282,157
Qualified XII (0.60)	18,466.704	8.98	165,831
Qualified XII (0.65)	12,647.013	7.70	97,382
Qualified XII (0.70)	106,770.313	7.68	819,996
Qualified XII (0.75)	31,024.805	7.66	237,650
Qualified XII (0.80)	200,397.513	7.64	1,531,037
Qualified XII (0.85)	87,936.400	7.61	669,196
Qualified XII (0.90)	8,499.077	7.59	64,508
Qualified XII (0.95)	145,707.530	7.57	1,103,006
Qualified XII (1.00)	249,070.199	7.55	1,880,480
Qualified XII (1.05)	52,139.043	7.53	392,607
Qualified XII (1.10)	42,708.788	7.51	320,743
Qualified XII (1.15)	9,045.855	7.48	67,663
Qualified XII (1.20)	2,793.968	7.46	20,843
Qualified XII (1.25)	35,279.167	7.44	262,477
Qualified XII (1.30)	764.690	7.42	5,674
Qualified XII (1.35)	11,894.325	7.40	88,018
Qualified XII (1.40)	16,723.307	7.38	123,418
Qualified XII (1.45)	554.076	7.36	4,078
Qualified XII (1.50)	3,819.210	7.34	28,033
Qualified XV	5,023.443	7.55	37,927
Qualified XVI	20,767.574	7.34	152,434
Qualified XVII	3,889.933	7.45	28,980
Qualified XVIII	2,024.832	7.45	15,085
Qualified XXI	4,259.790	7.61	32,417
Qualified XXIV	84,882.500	7.60	645,107
Qualified XXV	8,399.473	7.60	63,836
Qualified XXVI	1,228.610	7.55	9,276
Qualified XXVII	197,458.851	6.44	1,271,635
Qualified XXXII	227.618	10.79	2,456
Qualified XXXIV (0.60)	10,832.740	8.98	97,278
	<u>2,627,209.434</u>		<u>\$ 19,635,984</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Alliance Bernstein Growth and Income Fund</b>			
Contracts in accumulation period:			
ING MAP PLUS NP16	2,044.558	\$ 10.75	\$ 21,979
	<u>2,044.558</u>		<u>\$ 21,979</u>
<b>Alliance Bernstein Growth and Income Portfolio</b>			
Contracts in accumulation period:			
Qualified X (1.25)	4,425.201	\$ 11.23	\$ 49,695
	<u>4,425.201</u>		<u>\$ 49,695</u>
<b>American Balanced Fund®</b>			
Contracts in accumulation period:			
ING MAP PLUS NP11	4,474.410	\$ 10.59	\$ 47,384
ING MAP PLUS NP14	1,203.024	10.58	12,728
ING MAP PLUS NP15	40,987.607	10.57	433,239
ING MAP PLUS NP17	8,141.154	10.57	86,052
ING MAP PLUS NP22	40,105.124	10.54	422,708
ING MAP PLUS NP23	307.305	10.54	3,239
ING MAP PLUS NP26	90.494	10.52	952
ING MAP PLUS NP27	132.605	10.52	1,395
ING MAP PLUS NP29	8,691.246	10.51	91,345
ING MAP PLUS NP30	11.238	10.50	118
ING MAP PLUS NP7	1,265.504	10.61	13,427
ING MAP PLUS NP9	14,730.095	10.60	156,139
	<u>120,139.806</u>		<u>\$ 1,268,726</u>
<b>American Century® Income &amp; Growth</b>			
Contracts in accumulation period:			
Qualified XII (1.10)	2,144.937	\$ 30.91	\$ 66,300
Qualified XXVII	430,968.894	10.03	4,322,618
	<u>433,113.831</u>		<u>\$ 4,388,918</u>
<b>Ariel Appreciation</b>			
Contracts in accumulation period:			
ING MAP PLUS NP11	8,011.883	\$ 10.94	\$ 87,650
ING MAP PLUS NP15	7,898.351	10.92	86,250
ING MAP PLUS NP19	140.918	10.90	1,536
ING MAP PLUS NP22	1,563.236	10.88	17,008
	<u>17,614.388</u>		<u>\$ 192,444</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Ariel</b>			
Contracts in accumulation period:			
ING MAP PLUS NP19	2,340.256	\$ 11.70	\$ 27,381
ING MAP PLUS NP22	9,711.130	11.68	113,426
ING MAP PLUS NP26	1,140.995	11.66	13,304
	<u>13,192.381</u>		<u>\$ 154,111</u>
<b>Baron Asset</b>			
Contracts in accumulation period:			
ING MAP PLUS NP14	3,932.511	\$ 12.15	\$ 47,780
ING MAP PLUS NP15	185.761	12.15	2,257
ING MAP PLUS NP16	1,480.066	12.14	17,968
ING MAP PLUS NP17	3,615.486	12.14	43,892
ING MAP PLUS NP22	387.201	12.11	4,689
ING MAP PLUS NP9	1,485.714	12.18	18,096
	<u>11,086.739</u>		<u>\$ 134,682</u>
<b>Baron Growth</b>			
Contracts in accumulation period:			
ING MAP PLUS NP14	8,181.291	\$ 12.08	\$ 98,830
ING MAP PLUS NP15	7,742.053	12.08	93,524
ING MAP PLUS NP16	6,305.633	12.07	76,109
ING MAP PLUS NP17	2,946.562	12.07	35,565
ING MAP PLUS NP19	3,443.781	12.06	41,532
ING MAP PLUS NP22	707.226	12.04	8,515
ING MAP PLUS NP23	1,049.210	12.03	12,622
ING MAP PLUS NP27	16.985	12.01	204
ING MAP PLUS NP7	2,048.515	12.12	24,828
	<u>32,441.256</u>		<u>\$ 391,729</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Calvert Social Balanced</b>			
Contracts in accumulation period:			
Qualified V	335.057	\$ 22.05	\$ 7,388
Qualified VI	939,746.700	21.82	20,505,273
Qualified VIII	5,714.084	19.81	113,196
Qualified X (1.15)	1,106.305	11.26	12,457
Qualified X (1.25)	66,551.968	11.18	744,051
Qualified XII (0.05)	3,837.747	22.81	87,539
Qualified XII (0.15)	3,396.934	11.09	37,672
Qualified XII (0.25)	99,891.838	12.13	1,211,688
Qualified XII (0.30)	96,180.645	12.09	1,162,824
Qualified XII (0.40)	91,688.863	16.79	1,539,456
Qualified XII (0.45)	23,627.318	11.97	282,819
Qualified XII (0.55)	10,432.969	11.89	124,048
Qualified XII (0.60)	16,311.814	11.85	193,295
Qualified XII (0.65)	14,260.321	11.82	168,557
Qualified XII (0.70)	171,058.404	11.78	2,015,068
Qualified XII (0.75)	144,238.330	11.74	1,693,358
Qualified XII (0.80)	136,946.385	12.31	1,685,810
Qualified XII (0.85)	204,430.849	16.37	3,346,533
Qualified XII (0.90)	9,190.774	12.14	111,576
Qualified XII (0.95)	52,198.521	16.23	847,182
Qualified XII (1.00)	409,056.374	16.16	6,610,351
Qualified XII (1.05)	39,360.783	16.09	633,315
Qualified XII (1.10)	41,804.182	16.02	669,703
Qualified XII (1.15)	14,502.257	15.95	231,311
Qualified XII (1.20)	11,929.030	15.88	189,433
Qualified XII (1.25)	16,388.046	15.81	259,095
Qualified XII (1.30)	2,160.381	15.75	34,026
Qualified XII (1.35)	3,526.148	15.68	55,290
Qualified XII (1.40)	14,456.054	15.61	225,659
Qualified XII (1.45)	918.211	15.54	14,269
Qualified XII (1.50)	2,058.527	15.48	31,866
Qualified XV	2,919.374	22.35	65,248
Qualified XVI	37,768.458	21.40	808,245
Qualified XVII	700.504	21.82	15,285
Qualified XVIII	9,408.765	11.18	105,190
Qualified XXI	3,525.555	22.54	79,466
Qualified XXIV	29,889.422	16.26	486,002
Qualified XXV	5,605.653	22.29	124,950
Qualified XXVI	289.024	22.14	6,399
Qualified XXVII	578,904.407	29.27	16,944,532
Qualified XXVIII	90,261.018	29.09	2,625,693
Qualified XXXII	1,364.344	10.91	14,885
Qualified XXXIV (0.60)	4,209.114	11.85	49,878
	<u>3,412,151.457</u>		<u>\$ 66,169,881</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>EuroPacific Growth Fund® - Class R-3</b>			
Contracts in accumulation period:			
ING MAP PLUS NP11	12,073.466	\$ 11.57	\$ 139,690
ING MAP PLUS NP14	9,973.333	11.55	115,192
ING MAP PLUS NP15	14,504.069	11.55	167,522
ING MAP PLUS NP19	2,624.631	11.53	30,262
ING MAP PLUS NP23	173.675	11.51	1,999
ING MAP PLUS NP29	3,558.064	11.47	40,811
ING MAP PLUS NP9	4,955.872	11.58	57,389
	<u>47,863.110</u>		<u>\$ 552,865</u>
<b>EuroPacific Growth Fund® - Class R-4</b>			
Contracts in accumulation period:			
Qualified VI	589,758.166	11.45	6,752,731
Qualified XII (0.55)	917.131	11.50	10,547
Qualified XII (0.60)	700.174	11.50	8,052
Qualified XII (0.70)	14,216.710	11.49	163,350
Qualified XII (0.75)	24,395.910	11.49	280,309
Qualified XII (0.80)	295,307.665	11.48	3,390,132
Qualified XII (0.85)	24,648.780	11.48	282,968
Qualified XII (0.90)	754.007	11.48	8,656
Qualified XII (0.95)	29,103.662	11.47	333,819
Qualified XII (1.00)	362,008.195	11.47	4,152,234
Qualified XII (1.05)	11,698.257	11.47	134,179
Qualified XII (1.10)	26,520.419	11.46	303,924
Qualified XII (1.15)	1,515.794	11.46	17,371
Qualified XII (1.20)	214.061	11.45	2,451
Qualified XII (1.25)	3,553.188	11.45	40,684
Qualified XII (1.35)	1,297.290	11.44	14,841
Qualified XII (1.40)	2,665.559	11.44	30,494
Qualified XII (1.45)	339.370	11.43	3,879
Qualified XII (1.50)	2.537	11.43	29
Qualified XVI	3,097.288	11.43	35,402
Qualified XVII	5,731.038	11.47	65,735
Qualified XXIV	27,480.435	11.96	328,666
	<u>1,425,925.636</u>		<u>\$ 16,360,453</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Evergreen Special Values</b>			
Contracts in accumulation period:			
ING MAP PLUS NP11	2,719.056	\$ 11.65	\$ 31,677
ING MAP PLUS NP14	3,008.083	11.63	34,984
ING MAP PLUS NP15	3,045.572	11.63	35,420
ING MAP PLUS NP16	1,597.074	11.62	18,558
ING MAP PLUS NP26	104.581	11.57	1,210
ING MAP PLUS NP27	18.426	11.56	213
ING MAP PLUS NP7	1,888.860	11.67	22,043
Qualified V	317.664	18.06	5,737
Qualified VI	460,931.721	18.19	8,384,348
Qualified XII (0.55)	1,086.354	18.76	20,380
Qualified XII (0.60)	336.378	18.72	6,297
Qualified XII (0.65)	155.514	18.68	2,905
Qualified XII (0.70)	16,062.500	18.64	299,405
Qualified XII (0.75)	3,304.462	18.60	61,463
Qualified XII (0.80)	28,777.790	18.55	533,828
Qualified XII (0.85)	21,368.936	18.51	395,539
Qualified XII (0.90)	491.337	18.47	9,075
Qualified XII (0.95)	48,298.046	18.43	890,133
Qualified XII (1.00)	322,471.343	18.39	5,930,248
Qualified XII (1.05)	12,774.224	18.35	234,407
Qualified XII (1.10)	7,951.611	18.31	145,594
Qualified XII (1.15)	2,723.645	18.27	49,761
Qualified XII (1.20)	1,332.913	18.23	24,299
Qualified XII (1.25)	6,363.936	18.19	115,760
Qualified XII (1.35)	18.774	18.11	340
Qualified XII (1.40)	3,376.591	18.07	61,015
Qualified XII (1.45)	328.841	18.03	5,929
Qualified XII (1.50)	83.102	17.99	1,495
Qualified XVI	7,700.223	17.99	138,527
Qualified XVII	1,247.554	18.19	22,693
Qualified XXIV	6,804.270	18.50	125,879
Qualified XXVII	1,643,534.468	18.22	29,945,198
	<u>2,610,223.849</u>		<u>\$ 47,554,360</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Fidelity® Advisor Mid Cap</b>			
Contracts in accumulation period:			
ING MAP PLUS NP11	5,351.972	\$ 11.41	\$ 61,066
ING MAP PLUS NP15	9,886.830	11.39	112,611
ING MAP PLUS NP17	1,723.902	11.38	19,618
ING MAP PLUS NP19	3,041.864	11.37	34,586
ING MAP PLUS NP21	854.753	11.36	9,710
ING MAP PLUS NP22	1,876.652	11.35	21,300
ING MAP PLUS NP23	375.771	11.35	4,265
ING MAP PLUS NP26	887.467	11.33	10,055
ING MAP PLUS NP27	20.036	11.33	227
ING MAP PLUS NP30	24.315	11.31	275
ING MAP PLUS NP7	461.330	11.43	5,273
ING MAP PLUS NP9	12,590.718	11.42	143,786
	<u>37,095.610</u>		<u>\$ 422,772</u>
<b>Fidelity® VIP Contrafund®</b>			
Currently payable annuity contracts:			\$ 1,619,264
Contracts in accumulation period:			
	-		
ING MAP PLUS NP10	4,841.893	\$ 11.41	55,246
ING MAP PLUS NP11	8,558.896	11.41	97,657
ING MAP PLUS NP14	14,324.320	11.39	163,154
ING MAP PLUS NP15	75.242	11.39	857
ING MAP PLUS NP17	7,422.671	11.38	84,470
ING MAP PLUS NP19	3,585.400	11.37	40,766
ING MAP PLUS NP21	1,844.894	11.36	20,958
ING MAP PLUS NP22	26,765.639	11.35	303,790
ING MAP PLUS NP26	655.958	11.33	7,432
ING MAP PLUS NP27	35.393	11.33	401
ING MAP PLUS NP29	7,981.714	11.32	90,353
ING MAP PLUS NP30	107.604	11.31	1,217
ING MAP PLUS NP7	2,226.160	11.43	25,445
ING MAP PLUS NP9	26,855.517	11.42	306,690
Qualified V	6,763.062	24.69	166,980
Qualified VI	10,166,479.076	24.90	253,145,329
Qualified VIII	5,661.557	25.05	141,822
Qualified X (1.15)	94,685.982	28.25	2,674,879
Qualified X (1.25)	896,870.408	27.98	25,094,434
Qualified XII (0.05)	113,204.573	26.02	2,945,583
Qualified XII (0.15)	91,278.804	13.21	1,205,793
Qualified XII (0.25)	756,701.032	15.50	11,728,866
Qualified XII (0.30)	202,143.819	15.45	3,123,122
Qualified XII (0.40)	478,760.059	23.81	11,399,277



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Fidelity® VIP Contrafund®</b>			
<b>(continued)</b>			
Qualified XII (0.45)	659,806.737	\$ 15.29	\$ 10,088,445
Qualified XII (0.55)	241,303.884	15.19	3,665,406
Qualified XII (0.60)	702,963.276	15.14	10,642,864
Qualified XII (0.65)	139,632.604	15.09	2,107,056
Qualified XII (0.70)	855,660.639	15.04	12,869,136
Qualified XII (0.75)	779,689.526	14.99	11,687,546
Qualified XII (0.80)	2,927,046.014	16.43	48,091,366
Qualified XII (0.85)	687,424.806	23.22	15,962,004
Qualified XII (0.90)	102,009.279	15.95	1,627,048
Qualified XII (0.95)	771,059.383	23.02	17,749,787
Qualified XII (1.00)	4,557,462.653	22.92	104,457,044
Qualified XII (1.05)	338,621.779	22.82	7,727,349
Qualified XII (1.10)	198,817.862	22.73	4,519,130
Qualified XII (1.15)	237,826.381	22.63	5,382,011
Qualified XII (1.20)	36,012.472	22.53	811,361
Qualified XII (1.25)	129,477.842	22.43	2,904,188
Qualified XII (1.30)	5,931.602	22.34	132,512
Qualified XII (1.35)	19,628.103	22.24	436,529
Qualified XII (1.40)	48,131.707	22.14	1,065,636
Qualified XII (1.45)	6,547.438	22.05	144,371
Qualified XII (1.50)	20,847.107	21.95	457,594
Qualified XV	36,903.802	25.51	941,416
Qualified XVI	222,008.641	24.42	5,421,451
Qualified XVII	25,722.490	24.90	640,490
Qualified XVIII	30,712.938	27.98	859,348
Qualified XXI	78,803.188	25.72	2,026,818
Qualified XXIV	257,773.113	23.06	5,944,248
Qualified XXV	114,121.982	25.43	2,902,122
Qualified XXVI	17,373.328	25.27	439,024
Qualified XXVII	3,987,862.908	28.47	113,534,457
Qualified XXVIII	1,134,941.060	28.30	32,118,832
Qualified XXXII	46,416.186	11.80	547,711
Qualified XXXIII (0.65)	18,404.935	13.17	242,393
Qualified XXXIV (0.60)	44,362.219	15.14	671,644
	<u>32,399,137.557</u>		<u>\$ 743,262,122</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Fidelity® VIP Equity-Income</b>			
Currently payable annuity contracts:			\$ 795,418
Contracts in accumulation period:			
ING MAP PLUS NP14	8,594.220	\$ 10.90	93,677
ING MAP PLUS NP15	249.633	10.90	2,721
ING MAP PLUS NP26	37.638	10.84	408
Qualified V	1,472.325	21.03	30,963
Qualified VI	6,238,986.374	21.43	133,701,478
Qualified VIII	6,687.629	21.34	142,714
Qualified X (1.15)	115,108.819	27.10	3,119,449
Qualified X (1.25)	944,028.870	26.81	25,309,414
Qualified XI	1,412.401	22.66	32,005
Qualified XII (0.05)	63,618.446	22.39	1,424,417
Qualified XII (0.15)	86,882.794	11.74	1,020,004
Qualified XII (0.25)	553,783.936	13.01	7,204,729
Qualified XII (0.30)	207,162.577	12.96	2,684,827
Qualified XII (0.40)	365,386.545	19.62	7,168,884
Qualified XII (0.45)	314,974.357	12.83	4,041,121
Qualified XII (0.55)	162,010.588	12.75	2,065,635
Qualified XII (0.60)	825,794.965	12.71	10,495,854
Qualified XII (0.65)	69,693.291	12.67	883,014
Qualified XII (0.70)	493,970.206	12.62	6,233,904
Qualified XII (0.75)	789,312.718	12.58	9,929,554
Qualified XII (0.80)	1,848,160.673	13.68	25,282,838
Qualified XII (0.85)	707,385.311	19.13	13,532,281
Qualified XII (0.90)	55,599.401	13.37	743,364
Qualified XII (0.95)	568,436.320	18.97	10,783,237
Qualified XII (1.00)	1,606,502.117	18.89	30,346,825
Qualified XII (1.05)	229,307.234	18.80	4,310,976
Qualified XII (1.10)	191,321.474	18.72	3,581,538
Qualified XII (1.15)	110,055.150	18.64	2,051,428
Qualified XII (1.20)	27,999.731	18.56	519,675
Qualified XII (1.25)	109,939.069	18.48	2,031,674
Qualified XII (1.30)	4,707.717	18.40	86,622
Qualified XII (1.35)	11,384.989	18.32	208,573
Qualified XII (1.40)	58,806.908	18.24	1,072,638
Qualified XII (1.45)	5,407.925	18.17	98,262
Qualified XII (1.50)	9,873.411	18.09	178,610
Qualified XV	32,806.515	21.95	720,103
Qualified XVI	184,225.452	21.02	3,872,419
Qualified XVII	13,039.664	21.43	279,440
Qualified XVIII	25,554.457	26.81	685,115
Qualified XXI	41,497.741	22.13	918,345

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Fidelity® VIP Equity-Income</b>			
<b>(continued)</b>			
Qualified XXIV	159,398.368	\$ 19.00	\$ 3,028,569
Qualified XXV	57,825.137	21.88	1,265,214
Qualified XXVI	27,716.192	21.74	602,550
Qualified XXVII	2,369,316.975	22.68	53,736,109
Qualified XXVIII	1,226,563.443	22.54	27,646,740
Qualified XXXII	37,708.564	11.56	435,911
Qualified XXXIV (0.60)	54,204.721	12.71	688,942
	<u>21,023,912.991</u>		<u>\$ 405,088,188</u>
<b>Fidelity® VIP Growth</b>			
Currently payable annuity contracts:			\$ 420,537
Contracts in accumulation period:			
ING MAP PLUS NP17	2,107.419	\$ 9.84	20,737
ING MAP PLUS NP26	49.081	9.80	481
Qualified V	1,073.396	17.14	18,398
Qualified VI	9,263,905.992	17.19	159,246,544
Qualified VIII	10,663.694	17.38	185,335
Qualified X (1.15)	128,759.603	24.16	3,110,832
Qualified X (1.25)	1,100,525.774	23.90	26,302,566
Qualified XII (0.05)	32,419.098	17.96	582,247
Qualified XII (0.15)	94,933.893	9.53	904,720
Qualified XII (0.25)	658,026.615	11.61	7,639,689
Qualified XII (0.30)	175,324.200	11.57	2,028,501
Qualified XII (0.45)	559,932.809	11.46	6,416,830
Qualified XII (0.55)	241,508.084	11.38	2,748,362
Qualified XII (0.60)	552,845.198	11.35	6,274,793
Qualified XII (0.65)	147,326.349	11.31	1,666,261
Qualified XII (0.70)	813,946.850	11.27	9,173,181
Qualified XII (0.75)	1,072,839.091	11.23	12,047,983
Qualified XII (0.80)	2,136,201.060	12.27	26,211,187
Qualified XII (0.85)	1,247,419.827	16.14	20,133,356
Qualified XII (0.90)	88,223.886	11.89	1,048,982
Qualified XII (0.95)	707,614.250	16.00	11,321,828
Qualified XII (1.00)	2,761,409.165	15.93	43,989,248
Qualified XII (1.05)	395,235.876	15.86	6,268,441
Qualified XII (1.10)	252,036.606	15.79	3,979,658
Qualified XII (1.15)	105,129.198	15.72	1,652,631
Qualified XII (1.20)	49,507.663	15.66	775,290
Qualified XII (1.25)	108,714.240	15.59	1,694,855
Qualified XII (1.30)	20,564.498	15.52	319,161
Qualified XII (1.35)	28,241.554	15.45	436,332
Qualified XII (1.40)	74,235.217	15.39	1,142,480

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Fidelity® VIP Growth</b>			
<b>(continued)</b>			
Qualified XII (1.45)	4,572.650	\$ 15.32	\$ 70,053
Qualified XII (1.50)	18,808.852	15.25	286,835
Qualified XV	38,369.449	17.61	675,686
Qualified XVI	246,400.949	16.86	4,154,320
Qualified XVII	13,943.630	17.19	239,691
Qualified XVIII	42,612.552	23.90	1,018,440
Qualified XXI	110,098.029	17.76	1,955,341
Qualified XXIV	329,860.325	16.03	5,287,661
Qualified XXV	200,572.706	17.55	3,520,051
Qualified XXVI	44,951.434	17.44	783,953
Qualified XXXII	53,573.460	10.55	565,200
Qualified XXXIII (0.65)	3,972.211	9.50	37,736
Qualified XXXIV (0.60)	86,510.132	11.35	981,890
	<u>24,024,966.565</u>		<u>\$ 377,338,303</u>
<b>Fidelity® VIP High Income</b>			
Currently payable annuity contracts:			\$ 92,642
Contracts in accumulation period:			
Qualified XXVII	424,740.088	\$ 9.03	3,835,403
Qualified XXVIII	142,798.663	8.98	1,282,332
	<u>567,538.751</u>		<u>\$ 5,210,377</u>
<b>Fidelity® VIP Asset Manager<sup>SM</sup></b>			
Contracts in accumulation period:			
Qualified XXVII	1,017,630.719	\$ 18.23	\$ 18,551,408
Qualified XXVIII	98,070.238	18.11	1,776,052
	<u>1,115,700.957</u>		<u>\$ 20,327,460</u>
<b>Fidelity® VIP Index 500</b>			
Contracts in accumulation period:			
Qualified XXVII	4,392,230.429	\$ 23.53	\$ 103,349,182
Qualified XXVIII	573,710.265	23.38	13,413,346
	<u>4,965,940.694</u>		<u>\$ 116,762,528</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Fidelity® VIP Overseas</b>			
Contracts in accumulation period:			
Qualified V	242.915	\$ 14.75	\$ 3,583
Qualified VI	1,258,870.073	14.97	18,845,285
Qualified VIII	795.521	14.96	11,901
Qualified X (1.15)	21,470.686	15.59	334,728
Qualified X (1.25)	148,158.885	15.42	2,284,610
Qualified XII (0.05)	20,316.677	15.65	317,956
Qualified XII (0.15)	6,556.235	12.27	80,445
Qualified XII (0.25)	109,081.091	11.00	1,199,892
Qualified XII (0.30)	39,274.658	10.97	430,843
Qualified XII (0.45)	44,140.423	10.86	479,365
Qualified XII (0.55)	13,036.700	10.79	140,666
Qualified XII (0.60)	66,264.351	12.09	801,136
Qualified XII (0.65)	28,070.336	10.72	300,914
Qualified XII (0.70)	70,857.865	10.68	756,762
Qualified XII (0.75)	45,057.089	10.65	479,858
Qualified XII (0.80)	225,460.624	11.86	2,673,963
Qualified XII (0.85)	78,255.705	14.81	1,158,967
Qualified XII (0.90)	6,521.525	11.80	76,954
Qualified XII (0.95)	91,363.624	14.68	1,341,218
Qualified XII (1.00)	193,880.027	14.62	2,834,526
Qualified XII (1.05)	29,915.728	14.56	435,573
Qualified XII (1.10)	27,191.724	14.50	394,280
Qualified XII (1.15)	26,652.876	14.43	384,601
Qualified XII (1.20)	7,734.795	14.37	111,149
Qualified XII (1.25)	15,875.681	14.31	227,181
Qualified XII (1.30)	5,755.649	14.25	82,018
Qualified XII (1.35)	2,330.655	14.19	33,072
Qualified XII (1.40)	6,899.504	14.12	97,421
Qualified XII (1.45)	1,539.189	14.06	21,641
Qualified XII (1.50)	1,862.428	14.00	26,074
Qualified XV	8,677.510	15.34	133,113
Qualified XVI	33,035.398	14.69	485,290
Qualified XVII	6,644.422	14.97	99,467
Qualified XVIII	4,480.091	15.42	69,083
Qualified XXI	8,503.685	15.47	131,552
Qualified XXIV	47,940.381	14.71	705,203
Qualified XXV	35,156.835	15.29	537,548
Qualified XXVI	2,815.997	15.19	42,775
Qualified XXVII	289,347.059	8.33	2,410,261
Qualified XXXII	2,875.952	11.81	33,965
Qualified XXXIV (0.60)	3,446.815	12.09	41,672
	<u>3,036,357.384</u>		<u>\$ 41,056,511</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Franklin Small-Mid Cap Growth</b>			
Contracts in accumulation period:			
ING MAP PLUS NP15	137.305	\$ 10.91	\$ 1,498
ING MAP PLUS NP23	261.637	10.87	2,844
ING MAP PLUS NP29	6,030.074	10.84	65,366
	<u>6,429.016</u>		<u>\$ 69,708</u>
<b>Franklin Small Cap Value Securities</b>			
Currently payable annuity contracts:			\$ 303,235
Contracts in accumulation period:			
ING MAP PLUS NP26	17.628	\$ 12.14	214
ING MAP PLUS NP30	42.361	12.11	513
NYSUT 457	212,287.753	16.33	3,466,659
Qualified V	86.330	14.63	1,263
Qualified VI	1,190,342.692	14.71	17,509,941
Qualified X (1.15)	34,216.125	14.76	505,030
Qualified X (1.25)	144,474.167	14.71	2,125,215
Qualified XI	1,402.694	15.22	21,349
Qualified XII (0.45)	488.426	15.12	7,385
Qualified XII (0.55)	32,876.576	15.07	495,450
Qualified XII (0.60)	36,672.141	15.04	551,549
Qualified XII (0.65)	21,695.673	15.02	325,869
Qualified XII (0.70)	95,936.491	14.99	1,438,088
Qualified XII (0.75)	20,723.463	14.96	310,023
Qualified XII (0.80)	124,155.957	14.94	1,854,890
Qualified XII (0.85)	164,023.005	14.91	2,445,583
Qualified XII (0.90)	4,281.464	14.89	63,751
Qualified XII (0.95)	113,358.412	14.86	1,684,506
Qualified XII (1.00)	602,591.846	14.84	8,942,463
Qualified XII (1.05)	34,478.258	14.81	510,623
Qualified XII (1.10)	24,913.938	14.78	368,228

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Franklin Small Cap Value Securities</b>			
<b>(continued)</b>			
Qualified XII (1.15)	10,292.141	\$ 14.76	\$ 151,912
Qualified XII (1.20)	2,443.788	14.73	35,997
Qualified XII (1.25)	24,928.620	14.71	366,700
Qualified XII (1.30)	2,748.569	14.68	40,349
Qualified XII (1.35)	445.157	14.66	6,526
Qualified XII (1.40)	5,835.338	14.63	85,371
Qualified XII (1.45)	2,065.229	14.61	30,173
Qualified XII (1.50)	1,131.687	14.58	16,500
Qualified XV	4,472.678	14.86	66,464
Qualified XVI	22,125.377	14.58	322,588
Qualified XVII	4,340.381	14.71	63,847
Qualified XVIII	7,755.677	14.71	114,086
Qualified XXI	20,825.636	14.94	311,135
Qualified XXIV	72,777.934	14.91	1,085,119
Qualified XXV	26,961.230	14.96	403,340
Qualified XXVI	22,676.092	14.89	337,647
Qualified XXVIII	250,383.143	14.00	3,505,364
Qualified XXXII	2,781.976	12.65	35,192
Qualified XXXIII (0.65)	11,968.058	15.09	180,598
Qualified XXXIV (0.60)	2,744.282	15.04	41,274
	<u>3,358,768.393</u>		<u>\$ 50,132,009</u>
<b>The Growth Fund of America® - Class R-3</b>			
Contracts in accumulation period:			
ING MAP PLUS NP11	19,476.753	\$ 10.84	\$ 211,128
ING MAP PLUS NP14	9,748.336	10.82	105,477
ING MAP PLUS NP15	37,891.035	10.82	409,981
ING MAP PLUS NP16	3,833.210	10.81	41,437
ING MAP PLUS NP17	13,508.789	10.81	146,030
ING MAP PLUS NP19	4,723.704	10.80	51,016
ING MAP PLUS NP21	1,764.041	10.79	19,034
ING MAP PLUS NP22	10,740.167	10.78	115,779
ING MAP PLUS NP23	2,079.592	10.78	22,418
ING MAP PLUS NP26	2,617.194	10.76	28,161
ING MAP PLUS NP29	14,356.465	10.75	154,332
ING MAP PLUS NP30	54.469	10.74	585
ING MAP PLUS NP7	1,384.899	10.86	15,040
	<u>122,178.654</u>		<u>\$ 1,320,418</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>The Growth Fund of America® - Class R-4</b>			
Contracts in accumulation period:			
Qualified V	1,154.209	\$ 10.81	\$ 12,477
Qualified VI	1,485,898.521	10.82	16,077,422
Qualified XII (0.45)	410.120	10.87	4,458
Qualified XII (0.55)	12,419.320	10.87	134,998
Qualified XII (0.60)	13,838.029	10.86	150,281
Qualified XII (0.65)	4,320.350	10.86	46,919
Qualified XII (0.70)	66,111.234	10.86	717,968
Qualified XII (0.75)	82,378.157	10.85	893,803
Qualified XII (0.80)	1,633,839.262	10.85	17,727,156
Qualified XII (0.85)	128,792.995	10.85	1,397,404
Qualified XII (0.90)	6,068.634	10.84	65,784
Qualified XII (0.95)	65,090.037	10.84	705,576
Qualified XII (1.00)	1,026,654.479	10.83	11,118,668
Qualified XII (1.05)	66,318.375	10.83	718,228
Qualified XII (1.10)	39,555.217	10.83	428,383
Qualified XII (1.15)	9,196.858	10.82	99,510
Qualified XII (1.20)	3,356.008	10.82	36,312
Qualified XII (1.25)	29,614.787	10.82	320,432
Qualified XII (1.30)	546.716	10.81	5,910
Qualified XII (1.35)	54.949	10.81	594
Qualified XII (1.40)	4,306.383	10.81	46,552
Qualified XII (1.45)	983.334	10.80	10,620
Qualified XII (1.50)	476.203	10.80	5,143
Qualified XVI	17,915.463	10.80	193,487
Qualified XVII	9,088.551	10.83	98,429
Qualified XXIV	29,126.840	11.14	324,473
	<u>4,737,515.031</u>		<u>\$ 51,340,987</u>

**The Income Fund of America® - Class R-3**

Contracts in accumulation period:

ING MAP PLUS NP14	1,987.421	\$ 11.05	\$ 21,961
ING MAP PLUS NP19	1,293.648	11.02	14,256
ING MAP PLUS NP21	1,179.837	11.01	12,990
ING MAP PLUS NP26	365.423	10.99	4,016
ING MAP PLUS NP29	77.849	10.97	854
ING MAP PLUS NP7	2,662.815	11.08	29,504
ING MAP PLUS NP9	2,380.668	11.07	26,354
	<u>9,947.661</u>		<u>\$ 109,935</u>



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING GET Fund - Series H</b>			
Contracts in accumulation period:			
Qualified VI	596,188.084	\$ 10.49	\$ 6,254,013
Qualified X (1.15)	44,603.185	10.36	462,089
Qualified X (1.25)	123,131.371	10.36	1,275,641
Qualified XII (0.15)	11,768.281	10.94	128,745
Qualified XII (0.30)	3,361.843	10.85	36,476
Qualified XII (0.50)	330.734	11.03	3,648
Qualified XII (0.80)	2,626.427	10.86	28,523
Qualified XII (0.85)	2,826.994	10.78	30,475
Qualified XII (0.90)	1,482.979	10.81	16,031
Qualified XII (0.95)	5,487.198	10.78	59,152
Qualified XII (1.00)	28,935.721	10.75	311,059
Qualified XII (1.05)	48,866.729	10.73	524,340
Qualified XII (1.10)	16,156.448	10.70	172,874
Qualified XII (1.20)	10,485.822	10.65	111,674
Qualified XII (1.25)	146,404.425	10.62	1,554,815
Qualified XII (1.30)	1,264.022	10.59	13,386
Qualified XII (1.35)	9,442.385	10.57	99,806
Qualified XII (1.40)	5,909.678	10.54	62,288
Qualified XV	500.657	10.65	5,332
Qualified XVI	5,812.270	10.35	60,157
Qualified XVII	3,321.735	10.49	34,845
Qualified XVIII	47,238.803	10.36	489,394
Qualified XXI	1,214.259	10.73	13,029
Qualified XXV	297.032	10.78	3,202
Qualified XXVI	1,931.373	10.71	20,685
Qualified XXVII	153,925.094	10.60	1,631,606
Qualified XXXII	9,518.164	10.02	95,372
	<u>1,283,031.713</u>		<u>\$ 13,498,657</u>
<b>ING GET Fund - Series I</b>			
Contracts in accumulation period:			
Qualified X (1.15)	376.540	\$ 10.23	\$ 3,852
Qualified X (1.25)	69,911.535	10.23	715,195
Qualified XVIII	2,524.242	10.23	25,823
Qualified XXXII	2,548.896	9.96	25,387
	<u>75,361.213</u>		<u>\$ 770,257</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

---

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING GET Fund - Series J</b>			
Contracts in accumulation period:			
Qualified X (1.25)	23,675.371	\$ 10.11	\$ 239,358
Qualified XVIII	6,626.410	10.11	66,993
Qualified XXXII	4,504.020	9.95	44,815
	<u>34,805.801</u>		<u>\$ 351,166</u>
<b>ING GET Fund - Series K</b>			
Contracts in accumulation period:			
Qualified X (1.25)	5,403.363	\$ 10.11	\$ 54,628
Qualified XXVII	122,897.966	10.32	1,268,307
Qualified XXXII	2,636.061	9.90	26,097
	<u>130,937.390</u>		<u>\$ 1,349,032</u>
<b>ING GET Fund - Series L</b>			
Contracts in accumulation period:			
Qualified XXVII	67,762.512	\$ 10.27	\$ 695,921
	<u>67,762.512</u>		<u>\$ 695,921</u>
<b>ING GET Fund - Series Q</b>			
Contracts in accumulation period:			
Qualified XXVII	364,133.775	\$ 10.57	\$ 3,848,894
	<u>364,133.775</u>		<u>\$ 3,848,894</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING GET Fund - Series S</b>			
Contracts in accumulation period:			
Qualified VI	834,098.680	\$ 10.61	\$ 8,849,787
Qualified X (1.15)	35,466.635	10.61	376,301
Qualified X (1.25)	158,296.324	10.61	1,679,524
Qualified XII (0.15)	5,819.560	10.89	63,375
Qualified XII (0.50)	78,122.426	10.88	849,972
Qualified XII (0.80)	5,126.204	10.80	55,363
Qualified XII (0.85)	7,952.734	10.79	85,810
Qualified XII (0.85)	8,175.903	10.79	88,218
Qualified XII (0.95)	11,736.245	10.76	126,282
Qualified XII (1.00)	49,275.512	10.74	529,219
Qualified XII (1.05)	290,384.716	10.73	3,115,828
Qualified XII (1.10)	65,559.944	10.71	702,147
Qualified XII (1.20)	8,208.520	10.68	87,667
Qualified XII (1.25)	326,573.571	10.67	3,484,540
Qualified XII (1.30)	380.113	10.66	4,052
Qualified XII (1.35)	8,832.707	10.64	93,980
Qualified XII (1.40)	34,019.567	10.63	361,628
Qualified XII (1.50)	526.981	10.60	5,586
Qualified XII (1.55)	615.392	10.59	6,517
Qualified XII (1.65)	127.746	10.56	1,349
Qualified XV	390.926	10.69	4,179
Qualified XVI	11,953.701	10.54	125,992
Qualified XVII	8,895.574	10.62	94,471
Qualified XVIII	15,651.978	10.62	166,224
Qualified XXI	174.371	10.73	1,871
Qualified XXIV	2,544.310	10.72	27,275
Qualified XXV	559.963	10.79	6,042
Qualified XXVII	276,332.303	10.68	2,951,229
Qualified XXXII	1,379.863	10.18	14,047
	<u>2,247,182.469</u>		<u>\$ 23,958,475</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Balanced</b>			
Currently payable annuity contracts:			\$ 27,818,977
Contracts in accumulation period:			
Qualified I	29,769.099	\$ 33.72	1,003,814
Qualified V	554.958	25.11	13,935
Qualified VI	11,915,420.991	25.44	303,128,310
Qualified VII	165,157.306	24.57	4,057,915
Qualified VIII	3,937.103	23.61	92,955
Qualified IX	1,699.264	24.46	41,564
Qualified X (1.15)	178,408.667	25.73	4,590,455
Qualified X (1.25)	2,436,695.794	25.44	61,989,541
Qualified XII (0.00)	81,056.849	11.68	946,744
Qualified XII (0.05)	108,461.752	26.59	2,883,998
Qualified XII (0.25)	1,049,384.036	13.28	13,935,820
Qualified XII (0.30)	389,944.487	13.24	5,162,865
Qualified XII (0.40)	174,003.388	18.89	3,286,924
Qualified XII (0.45)	113,110.297	13.11	1,482,876
Qualified XII (0.55)	166,906.451	13.02	2,173,122
Qualified XII (0.60)	839,644.453	12.98	10,898,585
Qualified XII (0.65)	82,473.030	12.94	1,067,201
Qualified XII (0.70)	958,541.350	12.89	12,355,598
Qualified XII (0.75)	822,427.082	12.85	10,568,188
Qualified XII (0.80)	2,530,872.202	13.67	34,597,023
Qualified XII (0.85)	1,211,756.213	18.43	22,332,667
Qualified XII (0.90)	30,371.439	13.34	405,155
Qualified XII (0.95)	349,405.364	18.27	6,383,636
Qualified XII (1.00)	3,044,880.209	18.19	55,386,371
Qualified XII (1.05)	219,419.602	18.11	3,973,689
Qualified XII (1.10)	266,424.015	18.03	4,803,625
Qualified XII (1.15)	156,015.655	17.95	2,800,481
Qualified XII (1.20)	34,210.403	17.88	611,682
Qualified XII (1.25)	97,061.348	17.80	1,727,692
Qualified XII (1.30)	2,785.497	17.72	49,359
Qualified XII (1.35)	4,330.538	17.65	76,434
Qualified XII (1.40)	27,060.387	17.57	475,451
Qualified XII (1.45)	1,709.028	17.50	29,908
Qualified XII (1.50)	2,449.139	17.42	42,664
Qualified XV	56,053.339	26.06	1,460,750

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Balanced (continued)</b>			
Qualified XVI	270,501.844	\$ 24.95	\$ 6,749,021
Qualified XVII	182,701.812	25.93	4,737,458
Qualified XVIII	290,470.228	25.93	7,531,893
Qualified XIX	13,512.282	34.36	464,282
Qualified XX	50,974.559	34.04	1,735,174
Qualified XXI	81,456.888	26.28	2,140,687
Qualified XXIV	329,121.202	18.30	6,022,918
Qualified XXV	198,331.357	26.15	5,186,365
Qualified XXVI	20,568.514	25.98	534,370
Qualified XXVII	1,212,176.007	33.76	40,923,062
Qualified XXVIII	126,464.171	33.66	4,256,784
Qualified XXIX	776.175	33.41	25,932
Qualified XXX	90,351.225	33.07	2,987,915
Qualified XXXII	497,214.570	11.05	5,494,221
Qualified XXXIII (0.65)	776.375	11.64	9,037
Qualified XXXIV (0.60)	53,349.923	12.98	692,482
	<u>30,971,147.867</u>		<u>\$ 692,147,575</u>
<b>ING VP Emerging Markets</b>			
Contracts in accumulation period:			
Qualified XXVII	716,974.433	\$ 10.13	\$ 7,262,951
Qualified XXVIII	321,431.089	10.10	3,246,454
	<u>1,038,405.522</u>		<u>\$ 10,509,405</u>
<b>ING VP Intermediate Bond</b>			
Currently payable annuity contracts:			\$ 5,741,761
Contracts in accumulation period:			
ING MAP PLUS NP11	1,029.155	\$ 10.29	10,590
ING MAP PLUS NP15	8,232.717	10.27	84,550
ING MAP PLUS NP17	1,500.000	10.26	15,390
ING MAP PLUS NP27	41.096	10.22	420
ING MAP PLUS NP29	2,018.217	10.21	20,606
ING MAP PLUS NP7	3,382.347	10.31	34,872
Qualified I	8,904.915	73.85	657,628
Qualified V	331.450	18.76	6,218
Qualified VI	8,524,984.533	18.75	159,843,460
Qualified VII	103,209.190	17.41	1,796,872
Qualified VIII	12,736.580	17.25	219,706

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Intermediate Bond (continued)</b>			
Qualified IX	644.710	\$ 17.96	\$ 11,579
Qualified X (1.15)	154,322.837	18.96	2,925,961
Qualified X (1.25)	1,303,622.986	18.75	24,442,931
Qualified XII (0.00)	83,757.412	12.21	1,022,678
Qualified XII (0.05)	43,381.317	19.59	849,840
Qualified XII (0.25)	351,224.343	14.83	5,208,657
Qualified XII (0.30)	201,253.518	14.78	2,974,527
Qualified XII (0.45)	172,293.921	14.64	2,522,383
Qualified XII (0.55)	80,640.027	14.54	1,172,506
Qualified XII (0.60)	389,306.142	14.49	5,641,046
Qualified XII (0.65)	139,709.412	14.45	2,018,801
Qualified XII (0.70)	536,524.722	14.40	7,725,956
Qualified XII (0.75)	563,725.296	14.35	8,089,458
Qualified XII (0.80)	1,137,508.270	14.51	16,505,245
Qualified XII (0.85)	1,003,279.379	16.44	16,493,913
Qualified XII (0.90)	35,058.350	14.43	505,892
Qualified XII (0.95)	526,518.895	16.30	8,582,258
Qualified XII (1.00)	2,467,063.894	16.23	40,040,447
Qualified XII (1.05)	259,919.740	16.16	4,200,303
Qualified XII (1.10)	147,950.590	16.09	2,380,525
Qualified XII (1.15)	65,146.005	16.02	1,043,639
Qualified XII (1.20)	48,087.712	15.95	766,999
Qualified XII (1.25)	63,862.909	15.88	1,014,143
Qualified XII (1.30)	8,586.401	15.81	135,751
Qualified XII (1.35)	11,955.273	15.74	188,176
Qualified XII (1.40)	36,295.086	15.67	568,744
Qualified XII (1.45)	5,026.457	15.61	78,463
Qualified XII (1.50)	8,668.919	15.54	134,715
Qualified XV	20,001.667	19.20	384,032
Qualified XVI	182,277.923	18.39	3,352,091
Qualified XVII	202,445.358	18.96	3,838,364
Qualified XVIII	331,474.420	18.96	6,284,755
Qualified XIX	2,028.246	74.70	151,510
Qualified XX	9,414.064	73.52	692,122
Qualified XXI	29,874.600	19.37	578,671
Qualified XXIV	178,080.883	16.32	2,906,280
Qualified XXV	93,173.586	19.27	1,795,455
Qualified XXVI	31,228.407	19.15	598,024
Qualified XXVII	623,552.661	73.47	45,812,414
Qualified XXVIII	167,294.675	73.24	12,252,662
Qualified XXIX	1,321.984	72.69	96,095
Qualified XXX	18,456.351	71.96	1,328,119
Qualified XXXII	135,976.323	10.39	1,412,794
Qualified XXXIII (0.65)	957.401	12.16	11,642
Qualified XXXIV (0.60)	39,466.252	14.49	571,866
	<u>20,578,729.524</u>		<u>\$ 407,744,505</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<b>Division/Contract</b>	<b>Units</b>	<b>Unit Value</b>	<b>Extended Value</b>
<b>ING VP Money Market</b>			
Currently payable annuity contracts:			\$ 589,297
Contracts in accumulation period:			
Qualified I	4,406.374	\$ 48.79	214,987
Qualified V	5,685.965	13.68	77,784
Qualified VI	4,663,196.115	13.90	64,818,426
Qualified VII	140,462.338	13.86	1,946,808
Qualified VIII	3,497.459	13.38	46,796
Qualified IX	1,133.143	14.00	15,864
Qualified X (1.15)	122,425.818	14.06	1,721,307
Qualified X (1.25)	1,060,820.000	13.90	14,745,398
Qualified XII (0.00)	14,919.981	10.41	155,317
Qualified XII (0.05)	28,735.926	14.53	417,533
Qualified XII (0.25)	405,782.502	12.23	4,962,720
Qualified XII (0.30)	145,180.558	12.19	1,769,751
Qualified XII (0.45)	99,433.057	12.07	1,200,157
Qualified XII (0.55)	161,940.033	11.99	1,941,661
Qualified XII (0.60)	89,012.803	11.95	1,063,703
Qualified XII (0.65)	127,471.369	11.91	1,518,184
Qualified XII (0.70)	729,217.677	11.88	8,663,106
Qualified XII (0.75)	629,605.321	11.84	7,454,527
Qualified XII (0.80)	1,281,038.410	11.95	15,308,409
Qualified XII (0.85)	556,901.631	12.87	7,167,324
Qualified XII (0.90)	26,477.702	11.84	313,496
Qualified XII (0.95)	410,423.433	12.76	5,237,003
Qualified XII (1.00)	1,795,249.370	12.70	22,799,667
Qualified XII (1.05)	265,396.363	12.65	3,357,264
Qualified XII (1.10)	206,605.084	12.59	2,601,158
Qualified XII (1.15)	103,758.852	12.54	1,301,136
Qualified XII (1.20)	48,216.266	12.48	601,739
Qualified XII (1.25)	130,565.406	12.43	1,622,928
Qualified XII (1.30)	20,306.786	12.38	251,398
Qualified XII (1.35)	19,620.373	12.32	241,723
Qualified XII (1.40)	45,730.317	12.27	561,111
Qualified XII (1.45)	8,447.545	12.22	103,229
Qualified XII (1.50)	11,323.766	12.16	137,697
Qualified XV	5,127.669	14.24	73,018
Qualified XVI	114,605.499	13.64	1,563,219
Qualified XVII	206,474.892	13.90	2,870,001
Qualified XVIII	355,704.748	13.90	4,944,296
Qualified XIX	1,744.661	48.79	85,122
Qualified XX	17,746.931	47.90	850,078
Qualified XXI	32,436.978	14.36	465,795

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

---

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Money Market (continued)</b>			
Qualified XXIV	139,078.326	\$ 12.78	\$ 1,777,421
Qualified XXV	49,009.027	14.29	700,339
Qualified XXVI	39,609.719	14.20	562,458
Qualified XXVII	384,114.659	50.07	19,232,621
Qualified XXVIII	162,901.873	49.11	8,000,111
Qualified XXIX	1,059.750	47.90	50,762
Qualified XXX	5,702.721	47.41	270,366
Qualified XXXII	43,671.743	9.98	435,844
Qualified XXXIII (0.65)	1,243.726	10.36	12,885
Qualified XXXIV (0.60)	10,830.209	11.95	129,421
	<u>14,934,050.874</u>		<u>\$ 216,952,365</u>



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Natural Resources</b>			
Contracts in accumulation period:			
Qualified V	13.242	\$ 19.03	\$ 252
Qualified VI	409,377.712	18.71	7,659,457
Qualified VIII	1,078.470	16.21	17,482
Qualified XII (0.05)	854.936	19.55	16,714
Qualified XII (0.15)	2,849.930	14.36	40,925
Qualified XII (0.25)	43,485.197	12.43	540,521
Qualified XII (0.45)	9,203.667	12.27	112,929
Qualified XII (0.55)	4,652.174	12.19	56,710
Qualified XII (0.60)	23,480.990	14.15	332,256
Qualified XII (0.65)	138.398	12.11	1,676
Qualified XII (0.70)	57,544.159	12.07	694,558
Qualified XII (0.75)	28,002.078	12.03	336,865
Qualified XII (0.80)	118,516.095	13.11	1,553,746
Qualified XII (0.85)	39,847.129	14.98	596,910
Qualified XII (0.90)	1,051.573	13.03	13,702
Qualified XII (0.95)	20,992.727	14.85	311,742
Qualified XII (1.00)	99,144.557	14.79	1,466,348
Qualified XII (1.05)	9,988.926	14.72	147,037
Qualified XII (1.10)	9,792.565	14.66	143,559
Qualified XII (1.15)	4,217.946	14.60	61,582
Qualified XII (1.20)	378.114	14.53	5,494
Qualified XII (1.25)	1,532.343	14.47	22,173
Qualified XII (1.30)	537.335	14.41	7,743
Qualified XII (1.35)	152.822	14.35	2,193
Qualified XII (1.40)	1,128.481	14.29	16,126
Qualified XII (1.45)	17.862	14.22	254
Qualified XV	5,379.437	19.16	103,070
Qualified XVI	6,012.861	18.35	110,336
Qualified XVII	1,132.710	18.71	21,193
Qualified XXI	1,589.654	19.33	30,728
Qualified XXIV	12,758.132	14.88	189,841
Qualified XXV	4,019.604	19.18	77,096
Qualified XXVI	617.325	18.99	11,723
Qualified XXVII	274,150.285	17.52	4,803,113
Qualified XXVIII	72,781.282	17.47	1,271,489
Qualified XXXIV (0.60)	847.915	14.15	11,998
	<u>1,267,268.633</u>		<u>\$ 20,789,541</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING Julius Baer Foreign</b>			
Contracts in accumulation period:			
Qualified VI	76,582.192	\$ 11.68	\$ 894,480
Qualified X (1.25)	2,771.476	12.13	33,618
Qualified XII (0.70)	1,272.635	11.73	14,928
Qualified XII (0.80)	543.516	11.72	6,370
Qualified XII (0.85)	3,998.207	11.71	46,819
Qualified XII (0.95)	6,606.405	11.71	77,361
Qualified XII (1.00)	25,373.334	11.70	296,868
Qualified XII (1.05)	1,199.145	11.70	14,030
Qualified XII (1.10)	980.838	11.69	11,466
Qualified XII (1.15)	520.958	11.69	6,090
Qualified XII (1.25)	529.195	11.68	6,181
Qualified XII (1.40)	16.795	11.67	196
Qualified XII (1.50)	401.973	11.66	4,687
Qualified XVI	737.907	11.66	8,604
Qualified XXIV	512.714	12.27	6,291
	<u>122,047.290</u>		<u>\$ 1,427,989</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING MFS Total Return</b>			
Contracts in accumulation period:			
ING MAP PLUS NP15	45.572	\$ 10.84	\$ 494
Qualified V	230.259	12.36	2,846
Qualified VI	1,155,822.696	12.91	14,921,671
Qualified X (1.25)	6,617.834	10.99	72,730
Qualified XII (0.55)	16,879.925	13.30	224,503
Qualified XII (0.60)	11,788.036	13.29	156,663
Qualified XII (0.65)	4,965.060	13.28	65,936
Qualified XII (0.70)	30,503.542	13.27	404,782
Qualified XII (0.75)	6,295.928	13.26	83,484
Qualified XII (0.80)	130,323.432	13.23	1,724,179
Qualified XII (0.85)	24,847.728	13.20	327,990
Qualified XII (0.90)	1,006.894	13.20	13,291
Qualified XII (0.95)	72,199.469	13.18	951,589
Qualified XII (1.00)	570,444.799	13.17	7,512,758
Qualified XII (1.05)	19,754.408	13.16	259,968
Qualified XII (1.10)	61,817.871	13.15	812,905
Qualified XII (1.15)	17,416.439	13.14	228,852
Qualified XII (1.20)	2,098.934	13.13	27,559
Qualified XII (1.25)	31,170.960	13.12	408,963
Qualified XII (1.30)	1,367.506	13.11	17,928
Qualified XII (1.35)	778.550	13.10	10,199
Qualified XII (1.40)	13,580.596	13.09	177,770
Qualified XII (1.45)	1,515.749	13.08	19,826
Qualified XII (1.50)	1,031.752	13.07	13,485
Qualified XV	560.723	12.45	6,981
Qualified XVI	15,704.125	12.85	201,798
Qualified XVII	9,261.663	12.39	114,752
Qualified XXI	802.724	12.48	10,018
Qualified XXIV	16,526.543	12.47	206,086
Qualified XXV	8,552.922	12.49	106,826
Qualified XXVI	1,126.966	12.46	14,042
Qualified XXXIV (0.60)	1,393.830	13.29	18,524
	<u>2,236,433.435</u>		<u>\$ 29,119,398</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING T. Rowe Price Equity Income</b>			
Contracts in accumulation period:			
ING MAP PLUS NP11	1,790.553	\$ 11.22	\$ 20,090
ING MAP PLUS NP29	10,077.987	11.13	112,168
ING MAP PLUS NP30	122.013	11.13	1,358
ING MAP PLUS NP9	1,884.149	11.23	21,159
Qualified V	4,057.184	13.78	55,908
Qualified VI	548,366.576	14.69	8,055,505
Qualified VIII	341.275	13.81	4,713
Qualified X (1.25)	2,212.875	11.34	25,094
Qualified XII (0.55)	6,154.808	14.87	91,522
Qualified XII (0.60)	3,666.420	14.86	54,483
Qualified XII (0.65)	5,454.680	14.85	81,002
Qualified XII (0.70)	28,421.631	14.84	421,777
Qualified XII (0.75)	5,925.759	14.83	87,879
Qualified XII (0.80)	34,585.125	14.79	511,514
Qualified XII (0.85)	49,270.664	14.76	727,235
Qualified XII (0.90)	733.852	14.77	10,839
Qualified XII (0.95)	47,173.202	14.74	695,333
Qualified XII (1.00)	1,217,761.643	14.73	17,937,629
Qualified XII (1.05)	12,972.691	14.72	190,958
Qualified XII (1.10)	14,048.504	14.70	206,513
Qualified XII (1.15)	8,439.074	14.69	123,970
Qualified XII (1.20)	370.504	14.68	5,439
Qualified XII (1.25)	5,534.220	14.67	81,187
Qualified XII (1.35)	78.088	14.65	1,144
Qualified XII (1.40)	5,057.582	14.64	74,043
Qualified XII (1.45)	23.992	14.63	351
Qualified XII (1.50)	206.224	14.62	3,015
Qualified XV	1,687.608	13.88	23,424
Qualified XVI	8,750.102	14.63	128,014
Qualified XVII	10,505.720	13.81	145,084
Qualified XXI	1,827.227	13.92	25,435
Qualified XXIV	2,485.827	13.90	34,553
Qualified XXV	8,540.703	13.93	118,972
Qualified XXVI	2,336.285	13.89	32,451
Qualified XXXIV (0.60)	883.378	14.86	13,127
	<u>2,051,748.125</u>		<u>\$ 30,122,888</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING Aeltus Enhanced Index</b>			
Contracts in accumulation period:			
Qualified VI	97,566.115	\$ 8.47	\$ 826,385
Qualified X (1.15)	2,586.103	11.01	28,473
Qualified X (1.25)	5,884.372	10.43	61,374
Qualified XII (0.60)	1,766.359	8.65	15,279
Qualified XII (0.65)	585.399	8.63	5,052
Qualified XII (0.70)	197.680	8.62	1,704
Qualified XII (0.75)	19.047	8.61	164
Qualified XII (0.80)	13,763.679	8.59	118,230
Qualified XII (0.85)	892.658	8.58	7,659
Qualified XII (0.90)	34.889	8.57	299
Qualified XII (0.95)	5,687.251	8.55	48,626
Qualified XII (1.00)	31,147.658	8.54	266,001
Qualified XII (1.05)	3,990.973	8.53	34,043
Qualified XII (1.10)	5,466.628	8.51	46,521
Qualified XII (1.15)	80.942	8.50	688
Qualified XII (1.20)	884.335	8.49	7,508
Qualified XII (1.25)	1,349.823	8.47	11,433
Qualified XII (1.30)	269.977	8.46	2,284
Qualified XII (1.35)	2,380.474	8.45	20,115
Qualified XII (1.40)	876.038	8.43	7,385
Qualified XII (1.50)	91.558	8.41	770
Qualified XVI	347.562	8.41	2,923
Qualified XVII	793.034	8.47	6,717
Qualified XXI	12.107	8.59	104
Qualified XXIV	844.988	8.58	7,250
Qualified XXV	1,050.987	8.61	9,049
	<u>178,570.636</u>		<u>\$ 1,536,036</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING American Century Select</b>			
Contracts in accumulation period:			
Qualified VI	109,784.288	\$ 8.91	\$ 978,178
Qualified X (1.15)	2,227.537	9.95	22,164
Qualified X (1.25)	17,368.511	9.40	163,264
Qualified XII (0.55)	3,224.589	9.11	29,376
Qualified XII (0.60)	4,051.318	9.10	36,867
Qualified XII (0.65)	2,913.766	9.08	26,457
Qualified XII (0.70)	9,089.636	9.07	82,443
Qualified XII (0.75)	852.596	9.05	7,716
Qualified XII (0.80)	7,263.164	9.04	65,659
Qualified XII (0.85)	8,849.280	9.03	79,909
Qualified XII (0.90)	44.507	9.01	401
Qualified XII (0.95)	9,414.667	9.00	84,732
Qualified XII (1.00)	31,058.686	8.98	278,907
Qualified XII (1.05)	4,575.251	8.97	41,040
Qualified XII (1.10)	1,750.838	8.95	15,670
Qualified XII (1.15)	1,982.886	8.94	17,727
Qualified XII (1.20)	453.415	8.93	4,049
Qualified XII (1.25)	4,812.570	8.91	42,880
Qualified XII (1.35)	191.554	8.88	1,701
Qualified XII (1.40)	677.903	8.87	6,013
Qualified XII (1.45)	23.024	8.86	204
Qualified XII (1.50)	166.515	8.84	1,472
Qualified XV	786.778	9.00	7,081
Qualified XVI	2,689.140	8.84	23,772
Qualified XXI	2,195.244	9.04	19,845
Qualified XXIV	1,850.776	9.02	16,694
Qualified XXV	840.773	9.05	7,609
Qualified XXVI	108.658	9.01	979
Qualified XXXIII (0.40)	777.149	9.19	7,142
Qualified XXXIV (0.60)	22.198	9.10	202
	<u>230,047.217</u>		<u>\$ 2,070,153</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING American Century Small Cap Value</b>			
Currently payable annuity contracts:			\$ 41,331
Contracts in accumulation period:			
ING MAP PLUS NP29	4,406.100	\$ 11.64	51,287
ING MAP PLUS NP9	4,741.397	11.74	55,664
Qualified V	5,191.085	12.90	66,965
Qualified VI	546,581.327	12.96	7,083,694
Qualified X (1.15)	20,704.696	12.99	268,954
Qualified X (1.25)	67,909.027	12.96	880,101
Qualified XII (0.05)	15,868.353	13.24	210,097
Qualified XII (0.30)	17,095.410	13.29	227,198
Qualified XII (0.45)	831.420	13.24	11,008
Qualified XII (0.55)	2,258.895	13.21	29,840
Qualified XII (0.60)	4,112.586	13.19	54,245
Qualified XII (0.65)	3,960.288	13.17	52,157
Qualified XII (0.70)	25,834.525	13.15	339,724
Qualified XII (0.75)	3,892.536	13.13	51,109
Qualified XII (0.80)	48,531.631	13.12	636,735
Qualified XII (0.85)	45,338.932	13.10	593,940
Qualified XII (0.90)	2,817.049	13.08	36,847
Qualified XII (0.95)	35,544.793	13.06	464,215
Qualified XII (1.00)	1,020,331.571	13.05	13,315,327
Qualified XII (1.05)	7,977.820	13.03	103,951
Qualified XII (1.10)	8,794.005	13.01	114,410
Qualified XII (1.15)	7,598.999	12.99	98,711
Qualified XII (1.20)	570.955	12.98	7,411
Qualified XII (1.25)	6,473.611	12.96	83,898
Qualified XII (1.35)	1,120.573	12.93	14,489
Qualified XII (1.40)	6,038.497	12.91	77,957
Qualified XII (1.45)	209.930	12.89	2,706
Qualified XII (1.50)	45.843	12.87	590
Qualified XV	615.544	13.06	8,039
Qualified XVI	14,510.334	12.87	186,748
Qualified XVII	4,014.892	12.96	52,033
Qualified XVIII	1,526.130	13.05	19,916
Qualified XXI	3,944.131	13.12	51,747
Qualified XXIV	10,577.634	13.10	138,567
Qualified XXV	7,022.696	13.13	92,208
Qualified XXVI	946.942	13.08	12,386
Qualified XXXII	681.693	12.29	8,378
Qualified XXXIV (0.60)	2,423.957	13.19	31,972
	<u>1,961,045.807</u>		<u>\$ 25,576,555</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING Baron Small Cap Growth</b>			
Currently payable annuity contracts:			\$ 112,360
Contracts in accumulation period:			
ING MAP PLUS NP15	1,247.947	\$ 12.18	15,200
ING MAP PLUS NP29	3,653.179	12.11	44,240
ING MAP PLUS NP30	19.835	12.10	240
NYSUT 457	391,073.046	16.51	6,456,616
Qualified V	4,785.417	14.40	68,910
Qualified VI	1,308,858.535	14.47	18,939,183
Qualified X (1.15)	13,196.485	14.51	191,481
Qualified X (1.25)	94,897.167	14.47	1,373,162
Qualified XII (0.05)	19,456.157	14.78	287,562
Qualified XII (0.30)	16,321.361	14.84	242,209
Qualified XII (0.45)	8.187	14.78	121
Qualified XII (0.55)	5,640.095	14.74	83,135
Qualified XII (0.60)	16,443.682	14.72	242,051
Qualified XII (0.65)	17,254.354	14.70	253,639
Qualified XII (0.70)	20,156.130	14.68	295,892
Qualified XII (0.75)	11,692.701	14.66	171,415
Qualified XII (0.80)	379,717.008	14.64	5,559,057
Qualified XII (0.85)	36,449.727	14.62	532,895
Qualified XII (0.90)	3,585.890	14.60	52,354
Qualified XII (0.95)	56,330.384	14.58	821,297
Qualified XII (1.00)	1,200,899.657	14.56	17,485,099
Qualified XII (1.05)	12,763.549	14.54	185,582
Qualified XII (1.10)	15,391.942	14.52	223,491
Qualified XII (1.15)	16,630.531	14.51	241,309
Qualified XII (1.20)	1,809.455	14.49	26,219
Qualified XII (1.25)	15,183.552	14.47	219,706
Qualified XII (1.30)	1,536.817	14.45	22,207
Qualified XII (1.35)	6,600.000	14.43	95,238
Qualified XII (1.40)	4,658.987	14.41	67,136
Qualified XII (1.45)	1,716.539	14.39	24,701
Qualified XII (1.50)	1,075.018	14.37	15,448
Qualified XV	2,375.994	14.58	34,642
Qualified XVI	28,781.907	14.37	413,596
Qualified XVII	2,516.586	14.47	36,415
Qualified XVIII	723.352	14.56	10,532
Qualified XXI	15,657.855	14.64	229,231
Qualified XXIV	189,904.378	14.62	2,776,402
Qualified XXV	15,872.442	14.66	232,690
Qualified XXVI	8,430.548	14.60	123,086
Qualified XXXII	1,146.404	12.93	14,823
Qualified XXXIII (0.40)	3,429.986	14.84	50,901
Qualified XXXIV (0.60)	3,080.775	14.72	45,349
	<u>3,950,973.561</u>		<u>\$ 58,316,822</u>



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<b>Division/Contract</b>	<b>Units</b>	<b>Unit Value</b>	<b>Extended Value</b>
<b>ING Goldman Sachs® Capital Growth</b>			
Contracts in accumulation period:			
Qualified VI	47,392.891	\$ 10.83	\$ 513,265
Qualified X (1.15)	3,504.258	10.57	37,040
Qualified X (1.25)	16,860.542	9.96	167,931
Qualified XII (0.60)	5,979.294	11.06	66,131
Qualified XII (0.65)	1,440.671	11.04	15,905
Qualified XII (0.70)	10,311.978	11.02	113,638
Qualified XII (0.75)	502.272	11.00	5,525
Qualified XII (0.80)	9,063.785	10.99	99,611
Qualified XII (0.85)	4,079.945	10.97	44,757
Qualified XII (0.90)	3,065.479	10.95	33,567
Qualified XII (0.95)	2,307.686	10.93	25,223
Qualified XII (1.00)	13,111.996	10.92	143,183
Qualified XII (1.05)	473.395	10.90	5,160
Qualified XII (1.10)	4,113.419	10.88	44,754
Qualified XII (1.15)	517.939	10.87	5,630
Qualified XII (1.20)	61.475	10.85	667
Qualified XII (1.25)	1,405.540	10.83	15,222
Qualified XII (1.35)	746.945	10.80	8,067
Qualified XII (1.40)	840.353	10.78	9,059
Qualified XII (1.45)	735.966	10.76	7,919
Qualified XII (1.50)	774.418	10.75	8,325
Qualified XV	686.825	10.93	7,507
Qualified XVI	1,521.581	10.75	16,357
Qualified XXI	2,245.314	10.99	24,676
Qualified XXIV	2,791.515	10.96	30,595
Qualified XXV	3,494.000	11.00	38,434
Qualified XXXIV (0.60)	170.615	11.06	1,887
	<u>138,200.097</u>		<u>\$ 1,490,035</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

Division/Contract	Units	Unit Value	Extended Value
<b>ING JPMorgan International</b>			
Currently payable annuity contracts:			\$ 168,658
Contracts in accumulation period:			
Qualified V	206.729	\$ 21.25	4,393
Qualified VI	1,943,759.127	21.75	42,276,761
Qualified VIII	15,393.282	18.31	281,851
Qualified X (1.15)	40,527.922	21.99	891,209
Qualified X (1.25)	249,911.632	21.75	5,435,578
Qualified XII (0.05)	30,799.516	22.73	700,073
Qualified XII (0.15)	26,559.929	11.33	300,924
Qualified XII (0.25)	265,488.800	11.34	3,010,643
Qualified XII (0.30)	173,693.186	11.30	1,962,733
Qualified XII (0.45)	52,044.057	11.19	582,373
Qualified XII (0.55)	45,278.328	11.12	503,495
Qualified XII (0.60)	219,100.986	11.16	2,445,167
Qualified XII (0.65)	16,469.293	11.04	181,821
Qualified XII (0.70)	307,015.531	11.01	3,380,241
Qualified XII (0.75)	257,685.779	10.97	2,826,813
Qualified XII (0.80)	364,379.514	12.35	4,500,087
Qualified XII (0.85)	448,991.842	15.20	6,824,676
Qualified XII (0.90)	15,140.049	12.26	185,617
Qualified XII (0.95)	160,284.727	15.06	2,413,888
Qualified XII (1.00)	1,046,819.133	15.00	15,702,287
Qualified XII (1.05)	94,588.152	14.94	1,413,147
Qualified XII (1.10)	39,743.309	14.87	590,983
Qualified XII (1.15)	38,421.337	14.81	569,020
Qualified XII (1.20)	8,361.262	14.74	123,245
Qualified XII (1.25)	14,206.676	14.68	208,554
Qualified XII (1.30)	476.197	14.62	6,962
Qualified XII (1.35)	2,111.409	14.55	30,721
Qualified XII (1.40)	7,761.353	14.49	112,462
Qualified XII (1.45)	1,183.992	14.43	17,085
Qualified XII (1.50)	3,060.890	14.37	43,985
Qualified XV	24,859.919	22.28	553,879
Qualified XVI	44,164.323	21.33	942,025
Qualified XVII	747.356	21.75	16,255
Qualified XVIII	5,214.713	21.75	113,420
Qualified XXI	25,220.294	22.47	566,700
Qualified XXIV	41,210.934	15.09	621,873
Qualified XXV	11,250.720	22.22	249,991
Qualified XXVI	1,545.220	22.07	34,103
Qualified XXVII	1,495,567.932	22.92	34,278,417
Qualified XXVIII	132,364.551	22.85	3,024,530
Qualified XXXII	32,166.586	12.36	397,579
Qualified XXXIII (0.65)	1,296.369	11.29	14,636
Qualified XXXIV (0.60)	3,836.111	11.16	42,811
	<u>7,708,908.967</u>		<u>\$ 138,551,671</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING JPMorgan Mid Cap Value</b>			
Currently payable annuity contracts:			\$ 48,594
Contracts in accumulation period:			
ING MAP PLUS NP14	2,000.086	\$ 11.71	23,421
Qualified VI	500,885.022	14.02	7,022,408
Qualified X (1.15)	9,837.980	14.06	138,322
Qualified X (1.25)	103,004.850	14.02	1,444,128
Qualified XII (0.05)	17,020.796	14.33	243,908
Qualified XII (0.45)	3,407.606	14.33	48,831
Qualified XII (0.55)	706.858	14.29	10,101
Qualified XII (0.60)	6,377.856	14.27	91,012
Qualified XII (0.65)	2,589.824	14.25	36,905
Qualified XII (0.70)	38,818.552	14.23	552,388
Qualified XII (0.75)	7,011.049	14.21	99,627
Qualified XII (0.80)	8,974.419	14.19	127,347
Qualified XII (0.85)	35,354.161	14.18	501,322
Qualified XII (0.90)	1,650.918	14.16	23,377
Qualified XII (0.95)	34,195.615	14.14	483,526
Qualified XII (1.00)	157,368.413	14.12	2,222,042
Qualified XII (1.05)	15,657.589	14.10	220,772
Qualified XII (1.10)	6,863.210	14.08	96,634
Qualified XII (1.15)	2,497.155	14.06	35,110
Qualified XII (1.20)	346.439	14.04	4,864
Qualified XII (1.25)	6,702.211	14.02	93,965
Qualified XII (1.35)	4,854.038	13.99	67,908
Qualified XII (1.40)	2,995.776	13.97	41,851
Qualified XII (1.45)	117.420	13.95	1,638
Qualified XII (1.50)	1,296.913	13.93	18,066
Qualified XV	702.900	14.14	9,939
Qualified XVI	12,237.616	13.93	170,470
Qualified XVII	3,910.556	14.02	54,826
Qualified XVIII	291.360	14.12	4,114
Qualified XXI	2,887.738	14.19	40,977
Qualified XXIV	13,829.076	14.17	195,958
Qualified XXV	12,871.569	14.21	182,905
Qualified XXVI	2,285.452	14.16	32,362
Qualified XXXII	2,097.623	12.20	25,591
Qualified XXXIV (0.60)	782.972	14.27	11,173
	<u>1,022,431.618</u>		<u>\$ 14,426,382</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

Division/Contract	Units	Unit Value	Extended Value
<b>ING MFS Capital Opportunities</b>			
Currently payable annuity contracts:			\$ 251,028
Contracts in accumulation period:			
Qualified V	1,105.902	\$ 23.55	26,044
Qualified VI	1,737,722.581	23.87	41,479,438
Qualified VIII	6,676.402	20.51	136,933
Qualified X (1.15)	8,988.517	10.45	93,930
Qualified X (1.25)	216,682.467	10.38	2,249,164
Qualified XII (0.05)	11,799.078	24.95	294,387
Qualified XII (0.15)	15,272.653	9.80	149,672
Qualified XII (0.25)	118,634.403	11.22	1,331,078
Qualified XII (0.30)	111,950.626	11.18	1,251,608
Qualified XII (0.40)	117,534.518	16.31	1,916,988
Qualified XII (0.45)	22,876.243	11.07	253,240
Qualified XII (0.55)	54,131.091	11.00	595,442
Qualified XII (0.60)	103,895.438	10.96	1,138,694
Qualified XII (0.65)	23,224.519	10.93	253,844
Qualified XII (0.70)	271,878.237	10.89	2,960,754
Qualified XII (0.75)	218,187.281	10.85	2,367,332
Qualified XII (0.80)	337,909.313	12.24	4,136,010
Qualified XII (0.85)	409,677.750	15.91	6,517,973
Qualified XII (0.90)	18,050.723	11.77	212,457
Qualified XII (0.95)	171,616.741	15.77	2,706,396
Qualified XII (1.00)	1,163,385.096	15.70	18,265,146
Qualified XII (1.05)	83,153.167	15.63	1,299,684
Qualified XII (1.10)	64,680.861	15.57	1,007,081
Qualified XII (1.15)	32,796.000	15.50	508,338
Qualified XII (1.20)	10,874.854	15.43	167,799
Qualified XII (1.25)	18,406.315	15.36	282,721
Qualified XII (1.30)	835.163	15.30	12,778
Qualified XII (1.35)	2,099.606	15.23	31,977
Qualified XII (1.40)	24,274.885	15.17	368,250
Qualified XII (1.45)	17.616	15.10	266
Qualified XII (1.50)	3,058.777	15.04	46,004
Qualified XV	18,922.731	24.46	462,850
Qualified XVI	32,748.526	23.41	766,643
Qualified XVII	4,325.011	23.87	103,238
Qualified XVIII	4,785.164	10.38	49,670
Qualified XXI	19,334.753	24.66	476,795
Qualified XXIV	48,729.620	15.80	769,928
Qualified XXV	20,235.029	24.38	493,330
Qualified XXVI	5,173.917	24.23	125,364
Qualified XXVII	1,485,047.476	29.32	43,541,592
Qualified XXVIII	145,586.042	29.23	4,255,480
Qualified XXXII	4,770.364	11.54	55,050
Qualified XXXIV (0.60)	15,720.438	10.96	172,296
	<u>7,186,775.894</u>		<u>\$ 143,584,692</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<b>Division/Contract</b>	<b>Units</b>	<b>Unit Value</b>	<b>Extended Value</b>
<b>ING OpCap Balanced Value</b>			
Currently payable annuity contracts:			\$ 217,678
Contracts in accumulation period:			
Qualified VI	709,971.778	\$ 13.50	9,584,619
Qualified VIII	891.704	13.50	12,038
Qualified X (1.15)	7,863.512	11.73	92,239
Qualified X (1.25)	130,940.856	11.21	1,467,847
Qualified XII (0.55)	835.724	13.80	11,533
Qualified XII (0.60)	5,634.180	13.78	77,639
Qualified XII (0.65)	3,882.049	13.76	53,417
Qualified XII (0.70)	24,630.713	13.74	338,426
Qualified XII (0.75)	9,328.446	13.71	127,893
Qualified XII (0.80)	63,324.690	13.69	866,915
Qualified XII (0.85)	41,647.257	13.67	569,318
Qualified XII (0.90)	850.476	13.65	11,609
Qualified XII (0.95)	46,041.966	13.63	627,552
Qualified XII (1.00)	329,038.868	13.61	4,478,219
Qualified XII (1.05)	8,685.946	13.59	118,042
Qualified XII (1.10)	15,796.460	13.56	214,200
Qualified XII (1.15)	4,088.922	13.54	55,364
Qualified XII (1.20)	1,498.743	13.52	20,263
Qualified XII (1.25)	11,023.704	13.50	148,820
Qualified XII (1.30)	643.249	13.48	8,671
Qualified XII (1.35)	284.621	13.46	3,831
Qualified XII (1.40)	2,355.060	13.44	31,652
Qualified XII (1.45)	41.729	13.42	560
Qualified XII (1.50)	455.265	13.39	6,096
Qualified XV	680.044	13.63	9,269
Qualified XVI	15,377.969	13.39	205,911
Qualified XVII	5,203.778	13.50	70,251
Qualified XVIII	5,824.214	11.77	68,551
Qualified XXI	2,426.515	13.69	33,219
Qualified XXIV	8,655.962	13.67	118,327
Qualified XXV	54,209.701	13.71	743,215
Qualified XXVI	2,619.341	13.65	35,754
Qualified XXXII	2,714.960	11.23	30,489
Qualified XXXIV (0.60)	1,056.314	13.78	14,556
	<u>1,518,524.716</u>		<u>\$ 20,473,983</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING Oppenheimer Global</b>			
Currently payable annuity contracts:			\$ 19,957
Contracts in accumulation period:			
Qualified VI	80,311.545	\$ 12.30	987,832
Qualified X (1.15)	2,557.421	12.33	31,533
Qualified X (1.25)	37,841.707	12.30	465,453
Qualified XII (0.60)	1,416.773	12.52	17,738
Qualified XII (0.65)	841.520	12.50	10,519
Qualified XII (0.70)	2,317.869	12.48	28,927
Qualified XII (0.75)	718.043	12.47	8,954
Qualified XII (0.80)	677.751	12.45	8,438
Qualified XII (0.85)	8,403.379	12.43	104,454
Qualified XII (0.90)	30.757	12.42	382
Qualified XII (0.95)	6,815.403	12.40	84,511
Qualified XII (1.00)	14,174.556	12.38	175,481
Qualified XII (1.05)	1,822.069	12.37	22,539
Qualified XII (1.10)	3,156.356	12.35	38,981
Qualified XII (1.15)	742.903	12.33	9,160
Qualified XII (1.20)	529.302	12.32	6,521
Qualified XII (1.25)	3,837.805	12.30	47,205
Qualified XII (1.35)	73.838	12.27	906
Qualified XII (1.40)	252.980	12.25	3,099
Qualified XII (1.45)	197.056	12.23	2,410
Qualified XII (1.50)	498.936	12.22	6,097
Qualified XV	776.452	12.40	9,628
Qualified XVI	2,533.061	12.22	30,954
Qualified XVII	1,804.390	12.30	22,194
Qualified XXI	1,874.458	12.45	23,337
Qualified XXIV	6,454.224	12.43	80,226
Qualified XXV	1,332.638	12.47	16,618
Qualified XXVI	11.514	12.42	143
Qualified XXXIV (0.60)	10.543	12.52	132
	<u>182,015.249</u>		<u>\$ 2,264,329</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

Division/Contract	Units	Unit Value	Extended Value
<b>ING PIMCO Total Return</b>			
Currently payable annuity contracts:			\$ 155,772
Contracts in accumulation period:			
ING MAP PLUS NP10	10,556.214	\$ 10.30	108,729
ING MAP PLUS NP11	6,879.224	10.30	70,856
ING MAP PLUS NP14	18.677	10.28	192
ING MAP PLUS NP15	11,972.665	10.28	123,079
ING MAP PLUS NP16	1,268.482	10.28	13,040
ING MAP PLUS NP22	9,380.585	10.25	96,151
ING MAP PLUS NP26	89.248	10.23	913
ING MAP PLUS NP29	8,365.069	10.22	85,491
ING MAP PLUS NP30	193.634	10.21	1,977
ING MAP PLUS NP9	19,012.028	10.31	196,014
NYSUT 457	542,483.476	10.47	5,679,802
Qualified VI	1,556,975.771	11.35	17,671,675
Qualified VIII	551.675	11.34	6,256
Qualified X (1.15)	1,309.226	11.38	14,899
Qualified X (1.25)	166,329.956	11.35	1,887,845
Qualified XII (0.45)	18,867.472	11.59	218,674
Qualified XII (0.55)	13,155.104	11.56	152,073
Qualified XII (0.60)	32,492.987	11.55	375,294
Qualified XII (0.65)	51,418.820	11.53	592,859
Qualified XII (0.70)	82,791.052	11.51	952,925
Qualified XII (0.75)	65,092.000	11.50	748,558
Qualified XII (0.80)	98,497.125	11.48	1,130,747
Qualified XII (0.85)	84,251.002	11.47	966,359
Qualified XII (0.90)	28,670.743	11.45	328,280
Qualified XII (0.95)	222,087.063	11.44	2,540,676
Qualified XII (1.00)	396,237.040	11.42	4,525,027
Qualified XII (1.05)	76,586.679	11.41	873,854
Qualified XII (1.10)	79,788.147	11.39	908,787
Qualified XII (1.15)	25,944.728	11.38	295,251
Qualified XII (1.20)	2,786.004	11.36	31,649
Qualified XII (1.25)	35,512.952	11.35	403,072
Qualified XII (1.30)	7,999.205	11.33	90,631
Qualified XII (1.35)	8,418.110	11.32	95,293
Qualified XII (1.40)	21,364.602	11.30	241,420
Qualified XII (1.45)	637.378	11.29	7,196
Qualified XII (1.50)	10,279.060	11.27	115,845
Qualified XV	2,390.385	11.44	27,346
Qualified XVI	30,622.715	11.27	345,118
Qualified XVII	2,754.890	11.35	31,268
Qualified XVIII	485.639	11.42	5,546

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

---

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING PIMCO Total Return (continued)</b>			
Qualified XXI	8,165.766	\$ 11.48	\$ 93,743
Qualified XXIV	32,633.158	11.46	373,976
Qualified XXV	13,375.739	11.50	153,821
Qualified XXVI	8,977.380	11.45	102,791
Qualified XXVIII	59,773.468	11.42	682,613
Qualified XXXII	2,093.217	10.32	21,602
Qualified XXXIII (0.40)	5,432.388	11.64	63,233
Qualified XXXIV (0.60)	7,225.282	11.55	83,452
	<u>3,872,193.230</u>		<u>\$ 43,691,670</u>



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING Salomon Brothers Aggressive Growth - Initial Class</b>			
Currently payable annuity contracts:			\$ 75,936
Contracts in accumulation period:			
Qualified V	1,747.353	\$ 13.79	24,096
Qualified VI	6,351,424.750	13.98	88,792,918
Qualified VIII	9,713.183	14.64	142,201
Qualified X (1.15)	77,555.092	14.14	1,096,629
Qualified X (1.25)	783,198.999	13.98	10,949,122
Qualified XII (0.05)	108,486.311	14.61	1,584,985
Qualified XII (0.15)	96,866.023	9.83	952,193
Qualified XII (0.25)	532,751.929	8.55	4,555,029
Qualified XII (0.30)	316,413.482	8.53	2,699,007
Qualified XII (0.40)	325,708.749	9.83	3,201,717
Qualified XII (0.45)	89,165.403	8.44	752,556
Qualified XII (0.55)	75,108.343	8.39	630,159
Qualified XII (0.60)	409,066.873	9.69	3,963,858
Qualified XII (0.65)	49,434.574	8.33	411,790
Qualified XII (0.70)	704,952.892	8.30	5,851,109
Qualified XII (0.75)	682,535.387	8.28	5,651,393
Qualified XII (0.80)	1,411,026.516	8.90	12,558,136
Qualified XII (0.85)	913,925.756	9.59	8,764,548
Qualified XII (0.90)	56,375.467	8.56	482,574
Qualified XII (0.95)	498,957.518	9.51	4,745,086
Qualified XII (1.00)	2,680,860.148	9.46	25,360,937
Qualified XII (1.05)	322,443.843	9.42	3,037,421
Qualified XII (1.10)	113,872.601	9.38	1,068,125
Qualified XII (1.15)	96,078.052	9.34	897,369
Qualified XII (1.20)	21,375.806	9.30	198,795
Qualified XII (1.25)	75,333.477	9.26	697,588
Qualified XII (1.30)	4,454.989	9.22	41,075
Qualified XII (1.35)	3,826.689	9.18	35,129
Qualified XII (1.40)	28,924.617	9.14	264,371
Qualified XII (1.45)	1,027.913	9.10	9,354
Qualified XII (1.50)	13,214.128	9.06	119,720
Qualified XV	18,930.726	14.32	271,088
Qualified XVI	121,537.126	13.71	1,666,274
Qualified XVII	8,385.408	13.98	117,228
Qualified XVIII	12,916.953	13.98	180,579
Qualified XXI	111,022.853	14.44	1,603,170
Qualified XXII	235.391	14.58	3,432
Qualified XXIV	217,272.164	9.52	2,068,431
Qualified XXV	91,393.487	14.28	1,305,099
Qualified XXVI	17,716.420	14.19	251,396
Qualified XXVII	1,787,806.040	14.24	25,458,358
Qualified XXVIII	347,655.282	14.20	4,936,705
Qualified XXXII	27,508.071	11.40	313,592
Qualified XXXIV (0.60)	58,049.433	9.69	562,499
	<u>19,676,256.217</u>		<u>\$ 228,352,777</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING Salomon Brothers Aggressive Growth -Service Class</b>			
Contracts in accumulation period:			
ING MAP PLUS NP15	1,589.050	\$ 10.32	\$ 16,399
	<u>1,589.050</u>		<u>\$ 16,399</u>
<b>ING Salomon Brothers Fundamental Value</b>			
Currently payable annuity contracts:			\$ 55,048
Contracts in accumulation period:			
Qualified VI	306,680.000	\$ 17.70	5,428,236
Qualified X (1.15)	13,555.993	11.43	154,945
Qualified X (1.25)	47,082.464	11.12	523,557
Qualified XII (0.55)	1,372.099	18.10	24,835
Qualified XII (0.60)	2,690.482	18.07	48,617
Qualified XII (0.65)	1,791.519	18.04	32,319
Qualified XII (0.70)	7,819.378	18.01	140,827
Qualified XII (0.75)	2,785.595	17.98	50,085
Qualified XII (0.80)	45,977.381	17.95	825,294
Qualified XII (0.85)	9,257.278	17.93	165,983
Qualified XII (0.90)	411.173	17.90	7,360
Qualified XII (0.95)	19,332.513	17.87	345,472
Qualified XII (1.00)	92,648.262	17.84	1,652,845
Qualified XII (1.05)	5,108.984	17.81	90,991
Qualified XII (1.10)	4,387.296	17.79	78,050
Qualified XII (1.15)	4,549.437	17.76	80,798
Qualified XII (1.20)	607.276	17.73	10,767
Qualified XII (1.25)	4,881.752	17.70	86,407
Qualified XII (1.30)	411.602	17.67	7,273
Qualified XII (1.35)	113.825	17.65	2,009
Qualified XII (1.40)	1,012.259	17.62	17,836
Qualified XII (1.45)	12.621	17.59	222
Qualified XII (1.50)	450.570	17.56	7,912
Qualified XV	485.618	17.87	8,678
Qualified XVI	4,496.128	17.56	78,952
Qualified XVII	2,518.475	17.70	44,577
Qualified XVIII	786.312	11.47	9,019
Qualified XXI	1,151.699	17.95	20,673
Qualified XXIV	10,106.473	17.92	181,108
Qualified XXV	6,699.777	17.98	120,462
Qualified XXVI	3,101.062	17.90	55,509
Qualified XXXIV (0.60)	112.673	18.07	2,036
	<u>602,397.976</u>		<u>\$ 10,358,702</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING Salomon Brothers Investors Value</b>			
Contracts in accumulation period:			
Qualified VI	205,506.869	\$ 13.83	\$ 2,842,160
Qualified X (1.15)	10,591.855	11.05	117,040
Qualified X (1.25)	45,542.830	10.74	489,130
Qualified XII (0.55)	2,305.516	14.14	32,600
Qualified XII (0.60)	5,856.303	14.12	82,691
Qualified XII (0.65)	3,123.901	14.10	44,047
Qualified XII (0.70)	1,362.331	14.07	19,168
Qualified XII (0.75)	6,564.199	14.05	92,227
Qualified XII (0.80)	6,339.273	14.03	88,940
Qualified XII (0.85)	3,688.294	14.01	51,673
Qualified XII (0.90)	1,639.886	13.99	22,942
Qualified XII (0.95)	16,981.877	13.96	237,067
Qualified XII (1.00)	75,959.326	13.94	1,058,873
Qualified XII (1.05)	4,342.026	13.92	60,441
Qualified XII (1.10)	8,955.468	13.90	124,481
Qualified XII (1.15)	683.718	13.88	9,490
Qualified XII (1.20)	716.751	13.85	9,927
Qualified XII (1.25)	4,607.013	13.83	63,715
Qualified XII (1.30)	123.461	13.81	1,705
Qualified XII (1.35)	287.455	13.79	3,964
Qualified XII (1.40)	1,394.989	13.77	19,209
Qualified XII (1.45)	13.891	13.75	191
Qualified XII (1.50)	79.956	13.72	1,097
Qualified XV	1,620.702	13.96	22,625
Qualified XVI	3,172.376	13.72	43,525
Qualified XVIII	630.090	11.10	6,994
Qualified XXI	397.933	14.03	5,583
Qualified XXIV	6,090.214	14.00	85,263
Qualified XXV	2,086.335	14.05	29,313
Qualified XXVI	6,161.902	13.99	86,205
Qualified XXXIV (0.60)	551.487	14.12	7,787
	<u>427,378.227</u>		<u>\$ 5,760,073</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING T. Rowe Price Diversified Mid Cap Growth - Service Class</b>			
Currently payable annuity contracts:			\$ 8,851
Contracts in accumulation period:			
ING MAP PLUS NP10	2,116.908	\$ 10.35	21,910
ING MAP PLUS NP26	18.306	10.27	188
Qualified V	89.528	7.64	684
Qualified VI	677,904.296	7.68	5,206,305
Qualified VIII	676.693	7.68	5,197
Qualified X (1.15)	10,833.570	11.23	121,661
Qualified X (1.25)	69,085.154	10.98	758,555
Qualified XII (0.45)	1,681.599	7.88	13,251
Qualified XII (0.55)	2,690.064	7.85	21,117
Qualified XII (0.60)	11,130.229	7.84	87,261
Qualified XII (0.65)	25,815.198	7.83	202,133
Qualified XII (0.70)	31,561.892	7.82	246,814
Qualified XII (0.75)	53,499.231	7.80	417,294
Qualified XII (0.80)	16,533.248	7.79	128,794
Qualified XII (0.85)	13,063.625	7.78	101,635
Qualified XII (0.90)	3,675.675	7.77	28,560
Qualified XII (0.95)	40,373.935	7.75	312,898
Qualified XII (1.00)	149,479.974	7.74	1,156,975
Qualified XII (1.05)	9,273.997	7.73	71,688
Qualified XII (1.10)	7,459.715	7.72	57,589
Qualified XII (1.15)	3,261.479	7.71	25,146
Qualified XII (1.20)	1,319.895	7.69	10,150
Qualified XII (1.25)	8,184.766	7.68	62,859
Qualified XII (1.30)	39.243	7.67	301
Qualified XII (1.35)	774.543	7.66	5,933
Qualified XII (1.40)	3,195.033	7.65	24,442
Qualified XII (1.45)	1,173.001	7.63	8,950
Qualified XII (1.50)	412.598	7.62	3,144
Qualified XV	1,757.807	7.75	13,623
Qualified XVI	11,544.619	7.62	87,970
Qualified XVIII	715.084	11.27	8,059
Qualified XXI	5,289.345	7.79	41,204
Qualified XXIV	17,675.579	7.78	137,516
Qualified XXV	17,455.769	7.80	136,155
Qualified XXVI	4,389.833	7.77	34,109
Qualified XXXII	1,656.069	11.04	18,283
Qualified XXXIV (0.60)	860.842	7.84	6,749
	<u>1,206,668.342</u>		<u>\$ 9,593,953</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING T. Rowe Price Growth Equity - Initial Class</b>			
Currently payable annuity contracts:			\$ 621,714
Contracts in accumulation period:			
Qualified V	5,468.890	\$ 20.54	112,331
Qualified VI	5,111,066.504	20.42	104,367,978
Qualified VIII	3,943.954	20.84	82,192
Qualified X (1.15)	45,231.948	23.10	1,044,858
Qualified X (1.25)	526,773.077	22.88	12,052,568
Qualified XII (0.05)	27,427.026	21.35	585,567
Qualified XII (0.15)	35,842.115	11.35	406,808
Qualified XII (0.25)	355,182.691	13.23	4,699,067
Qualified XII (0.30)	113,710.614	13.19	1,499,843
Qualified XII (0.40)	182,857.136	19.97	3,651,657
Qualified XII (0.45)	90,992.644	13.05	1,187,454
Qualified XII (0.55)	61,267.386	12.97	794,638
Qualified XII (0.60)	329,385.460	12.93	4,258,954
Qualified XII (0.65)	73,937.655	12.88	952,317
Qualified XII (0.70)	432,104.673	12.84	5,548,224
Qualified XII (0.75)	504,970.312	12.80	6,463,620
Qualified XII (0.80)	910,197.082	14.05	12,788,269
Qualified XII (0.85)	452,366.017	19.48	8,812,090
Qualified XII (0.90)	35,900.369	13.55	486,450
Qualified XII (0.95)	366,062.558	19.31	7,068,668
Qualified XII (1.00)	1,814,592.616	19.23	34,894,616
Qualified XII (1.05)	141,510.345	19.14	2,708,508
Qualified XII (1.10)	103,950.682	19.06	1,981,300
Qualified XII (1.15)	63,611.855	18.98	1,207,353
Qualified XII (1.20)	12,188.889	18.90	230,370
Qualified XII (1.25)	43,781.393	18.81	823,528
Qualified XII (1.30)	3,744.581	18.73	70,136
Qualified XII (1.35)	5,536.944	18.65	103,264
Qualified XII (1.40)	22,725.471	18.57	422,012
Qualified XII (1.45)	1,364.413	18.49	25,228
Qualified XII (1.50)	2,874.416	18.41	52,918
Qualified XV	13,139.293	20.92	274,874
Qualified XVI	113,758.462	20.03	2,278,582
Qualified XVII	18,169.001	20.42	371,011
Qualified XVIII	17,546.416	22.88	401,462
Qualified XXI	50,275.213	21.10	1,060,807
Qualified XXII	51.361	21.30	1,094

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING T. Rowe Price Growth Equity - Initial Class</b>			
<b>(continued)</b>			
Qualified XXIV	113,343.071	\$ 19.34	\$ 2,192,055
Qualified XXV	51,058.964	20.86	1,065,090
Qualified XXVI	27,980.849	20.73	580,043
Qualified XXVII	1,771,555.859	23.81	42,180,745
Qualified XXVIII	836,544.121	23.73	19,851,192
Qualified XXXI	1,660.979	14.30	23,752
Qualified XXXII	22,446.365	11.28	253,195
Qualified XXXIII (0.65)	14,099.912	11.31	159,470
Qualified XXXIV (0.60)	53,153.983	12.93	687,281
	<u>14,985,353.565</u>		<u>\$ 291,385,153</u>
<b>ING T. Rowe Price Growth Equity - Service Class</b>			
Contracts in accumulation period:			
ING MAP PLUS NP15	1,199.719	\$ 10.70	\$ 12,837
ING MAP PLUS NP23	1,126.642	10.66	12,010
ING MAP PLUS NP26	10.329	10.65	110
ING MAP PLUS NP27	38.064	10.64	405
ING MAP PLUS NP9	17,524.604	10.73	188,039
Qualified XII (1.00)	471.957	12.16	5,739
	<u>20,371.315</u>		<u>\$ 219,140</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING UBS U.S. Large Cap Equity</b>			
Currently payable annuity contracts:			\$ 556,022
Contracts in accumulation period:			
Qualified V	1,580.312	\$ 15.39	24,321
Qualified VI	4,099,188.783	15.69	64,316,272
Qualified VII	72,406.777	13.28	961,562
Qualified VIII	9,927.362	13.23	131,339
Qualified IX	2,814.803	13.24	37,268
Qualified X (1.15)	17,360.051	15.87	275,504
Qualified X (1.25)	435,084.640	15.69	6,826,478
Qualified XII (0.05)	24,235.610	16.40	397,464
Qualified XII (0.15)	69,111.920	10.57	730,513
Qualified XII (0.25)	316,547.768	10.53	3,333,248
Qualified XII (0.30)	140,200.476	10.50	1,472,105
Qualified XII (0.40)	82,379.504	10.49	864,161
Qualified XII (0.45)	45,064.292	10.39	468,218
Qualified XII (0.55)	39,465.053	10.33	407,674
Qualified XII (0.60)	178,525.265	10.41	1,858,448
Qualified XII (0.65)	73,274.074	10.26	751,792
Qualified XII (0.70)	207,964.090	10.22	2,125,393
Qualified XII (0.75)	230,728.263	10.19	2,351,121
Qualified XII (0.80)	393,586.121	11.24	4,423,908
Qualified XII (0.85)	603,217.106	10.23	6,170,911
Qualified XII (0.90)	19,509.283	10.88	212,261
Qualified XII (0.95)	251,553.748	10.14	2,550,755
Qualified XII (1.00)	924,555.050	10.10	9,338,006
Qualified XII (1.05)	84,091.443	10.05	845,119
Qualified XII (1.10)	61,545.155	10.01	616,067
Qualified XII (1.15)	68,288.666	9.97	680,838
Qualified XII (1.20)	10,417.843	9.92	103,345
Qualified XII (1.25)	27,296.761	9.88	269,692
Qualified XII (1.30)	505.691	9.84	4,976
Qualified XII (1.35)	1,012.360	9.79	9,911
Qualified XII (1.40)	7,714.051	9.75	75,212
Qualified XII (1.45)	1,074.562	9.71	10,434
Qualified XII (1.50)	4,027.198	9.67	38,943
Qualified XV	20,497.885	16.08	329,606
Qualified XVI	99,013.645	15.39	1,523,820

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING UBS U.S. Large Cap Equity (continued)</b>			
Qualified XVII	83,120.714	\$ 15.69	\$ 1,304,164
Qualified XVIII	19,746.718	15.69	309,826
Qualified XIX	3,809.487	10.33	39,352
Qualified XX	4,784.937	13.61	65,123
Qualified XXI	37,904.318	16.21	614,429
Qualified XXIV	160,196.457	10.16	1,627,596
Qualified XXV	28,334.809	16.03	454,207
Qualified XXVI	13,043.126	15.93	207,777
Qualified XXVII	811,333.643	15.04	12,202,458
Qualified XXVIII	67,043.400	15.00	1,005,651
Qualified XXIX	1,221.748	13.61	16,628
Qualified XXX	49,597.327	13.47	668,076
Qualified XXXII	113,571.989	11.71	1,329,928
Qualified XXXIV (0.60)	50,894.428	10.41	529,811
	<u>10,068,368.712</u>		<u>\$ 135,467,733</u>

**ING Van Kampen Comstock**

Currently payable annuity contracts: 1,076,022

Contracts in accumulation period:

ING MAP PLUS NP15	5,138.864	\$ 11.27	57,915
ING MAP PLUS NP19	1,437.066	11.25	16,167
ING MAP PLUS NP26	35.772	11.21	401
NYSUT 457	777,785.992	14.42	11,215,674
Qualified VI	2,242,751.305	12.26	27,496,131
Qualified X (1.15)	33,720.081	12.30	414,757
Qualified X (1.25)	199,434.095	12.26	2,445,062
Qualified XII (0.55)	11,573.520	12.50	144,669
Qualified XII (0.60)	14,256.009	12.48	177,915
Qualified XII (0.65)	1,846.870	12.46	23,012
Qualified XII (0.70)	55,048.755	12.45	685,357
Qualified XII (0.75)	74,284.875	12.43	923,361
Qualified XII (0.80)	503,772.039	12.41	6,251,811
Qualified XII (0.85)	71,278.871	12.40	883,858
Qualified XII (0.90)	9,594.507	12.38	118,780
Qualified XII (0.95)	67,853.883	12.36	838,674
Qualified XII (1.00)	1,224,022.834	12.35	15,116,682
Qualified XII (1.05)	42,391.971	12.33	522,693
Qualified XII (1.10)	20,591.145	12.31	253,477
Qualified XII (1.15)	5,506.504	12.30	67,730
Qualified XII (1.20)	798.860	12.28	9,810
Qualified XII (1.25)	25,514.600	12.26	312,809



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

---

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING Van Kampen Comstock</b>			
<b>(continued)</b>			
Qualified XII (1.30)	97.224	\$ 12.25	\$ 1,191
Qualified XII (1.35)	1,466.967	12.23	17,941
Qualified XII (1.40)	3,281.818	12.21	40,071
Qualified XII (1.45)	138.934	12.20	1,695
Qualified XII (1.50)	1,414.203	12.18	17,225
Qualified XV	5,083.010	12.36	62,826
Qualified XVI	23,542.447	12.18	286,747
Qualified XVII	9,860.196	12.26	120,886
Qualified XVIII	12,843.724	12.35	158,620
Qualified XXI	4,593.796	12.41	57,009
Qualified XXIV	128,475.948	12.39	1,591,817
Qualified XXV	13,509.734	12.43	167,926
Qualified XXVI	1,756.220	12.38	21,742
Qualified XXXII	3,401.492	12.06	41,022
Qualified XXXIII (0.40)	4,360.255	12.58	54,852
Qualified XXXIV (0.60)	2,896.234	12.48	36,145
	<u>5,605,360.620</u>		<u>\$ 71,730,482</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING Van Kampen Equity and Income</b>			
Contracts in accumulation period:			
Qualified VI	31,479.363	\$ 32.32	\$ 1,017,413
Qualified VIII	1,629.301	32.32	52,659
Qualified X (1.15)	12,362.671	11.01	136,113
Qualified X (1.25)	34,199.425	10.44	357,042
Qualified XII (0.55)	378.481	33.04	12,505
Qualified XII (0.60)	920.218	32.99	30,358
Qualified XII (0.65)	70.128	32.94	2,310
Qualified XII (0.70)	3,253.907	32.89	107,021
Qualified XII (0.75)	747.899	32.84	24,561
Qualified XII (0.80)	3,995.181	32.79	131,002
Qualified XII (0.85)	325.145	32.73	10,642
Qualified XII (0.90)	11.138	32.68	364
Qualified XII (0.95)	3,251.517	32.63	106,097
Qualified XII (1.00)	4,784.131	32.58	155,867
Qualified XII (1.05)	995.297	32.53	32,377
Qualified XII (1.10)	257.297	32.48	8,357
Qualified XII (1.15)	137.404	32.43	4,456
Qualified XII (1.20)	87.214	32.38	2,824
Qualified XII (1.25)	1,742.760	32.32	56,326
Qualified XII (1.35)	10.956	32.22	353
Qualified XII (1.40)	1,340.566	32.17	43,126
Qualified XII (1.45)	4.234	32.12	136
Qualified XII (1.50)	116.277	32.07	3,729
Qualified XV	228.226	32.63	7,447
Qualified XVI	497.350	32.07	15,950
Qualified XVIII	1,012.839	11.06	11,202
Qualified XXI	285.056	32.79	9,347
Qualified XXIV	320.263	32.72	10,479
Qualified XXV	605.298	32.84	19,878
Qualified XXVI	46.297	32.68	1,513
Qualified XXXIV (0.60)	6.365	32.99	210
	<u>105,102.204</u>		<u>\$ 2,371,664</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Strategic Allocation Balanced</b>			
Currently payable annuity contracts:			\$ 405,199
Contracts in accumulation period:			
ING MAP PLUS NP11	31.598	\$ 10.76	340
ING MAP PLUS NP15	1,233.799	10.74	13,251
ING MAP PLUS NP16	17,697.018	10.73	189,889
ING MAP PLUS NP17	1,747.810	10.73	18,754
ING MAP PLUS NP22	4,658.599	10.70	49,847
ING MAP PLUS NP29	7,268.510	10.67	77,555
ING MAP PLUS NP7	2,235.622	10.78	24,100
Qualified V	71.016	16.94	1,203
Qualified VI	1,643,993.604	17.20	28,276,690
Qualified X (1.15)	10,877.953	17.78	193,410
Qualified X (1.25)	202,176.321	17.61	3,560,325
Qualified XII (0.00)	11,478.546	11.56	132,692
Qualified XII (0.05)	30,762.903	17.98	553,117
Qualified XII (0.25)	93,553.080	11.85	1,108,604
Qualified XII (0.30)	13,536.833	11.81	159,870
Qualified XII (0.40)	225,212.814	16.31	3,673,221
Qualified XII (0.45)	7,731.538	11.70	90,459
Qualified XII (0.55)	10,492.168	11.62	121,919
Qualified XII (0.60)	32,686.702	11.58	378,512
Qualified XII (0.65)	116,259.792	11.54	1,341,638
Qualified XII (0.70)	123,946.568	11.51	1,426,625
Qualified XII (0.75)	291,049.434	11.47	3,338,337
Qualified XII (0.80)	133,840.664	12.05	1,612,780
Qualified XII (0.85)	190,198.303	15.91	3,026,055
Qualified XII (0.90)	878.426	11.82	10,383
Qualified XII (0.95)	75,783.196	15.77	1,195,101
Qualified XII (1.00)	263,767.155	15.71	4,143,782
Qualified XII (1.05)	381,482.609	15.64	5,966,388
Qualified XII (1.10)	74,480.154	15.57	1,159,656
Qualified XII (1.15)	98,751.613	15.50	1,530,650
Qualified XII (1.20)	12,416.451	15.44	191,710
Qualified XII (1.25)	28,210.150	15.37	433,590
Qualified XII (1.30)	9,611.895	15.30	147,062
Qualified XII (1.35)	5,024.016	15.24	76,566
Qualified XII (1.40)	17,914.502	15.17	271,763
Qualified XII (1.45)	660.490	15.11	9,980
Qualified XII (1.50)	11,096.676	15.04	166,894

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Strategic Allocation Balanced</b>			
<b>(continued)</b>			
Qualified XV	2,775.482	\$ 17.62	\$ 48,904
Qualified XVI	39,290.990	16.87	662,839
Qualified XVII	10,243.941	17.66	180,908
Qualified XVIII	14,230.420	18.08	257,286
Qualified XXI	6,888.857	17.77	122,415
Qualified XXII	508.974	17.94	9,131
Qualified XXIV	9,822.469	15.80	155,195
Qualified XXV	7,084.559	17.68	125,255
Qualified XXVII	95,248.821	17.39	1,656,377
Qualified XXVIII	125,814.887	17.33	2,180,372
Qualified XXXII	4,380.807	11.15	48,846
Qualified XXXIII (0.65)	186.794	11.51	2,150
Qualified XXXIV (0.60)	11,924.871	11.58	138,090
	<u>4,481,220.400</u>		<u>\$ 70,665,685</u>
<b>ING VP Strategic Allocation Growth</b>			
Currently payable annuity contracts:			\$ 284,435
Contracts in accumulation period:			
ING MAP PLUS NP11	880.110	\$ 10.91	9,602
ING MAP PLUS NP15	549.954	10.89	5,989
ING MAP PLUS NP16	696.969	10.89	7,590
ING MAP PLUS NP17	8,778.125	10.88	95,506
ING MAP PLUS NP19	401.196	10.87	4,361
ING MAP PLUS NP22	539.871	10.86	5,863
ING MAP PLUS NP29	4,155.771	10.83	45,007
ING MAP PLUS NP7	1,152.150	10.93	12,593
Qualified V	24.657	17.52	432
Qualified VI	2,049,109.837	17.79	36,453,664
Qualified VIII	8.610	17.77	153
Qualified X (1.15)	19,820.249	18.47	366,080
Qualified X (1.25)	255,898.250	18.29	4,680,379
Qualified XII (0.00)	6,741.919	11.57	78,004
Qualified XII (0.05)	3,587.359	18.59	66,689
Qualified XII (0.25)	164,165.225	11.33	1,859,992
Qualified XII (0.30)	11,048.804	11.29	124,741
Qualified XII (0.40)	78,332.229	16.60	1,300,315
Qualified XII (0.45)	19,274.866	11.18	215,493
Qualified XII (0.55)	2,406.120	11.11	26,732
Qualified XII (0.60)	32,264.504	11.41	368,138
Qualified XII (0.65)	314,738.587	11.04	3,474,714
Qualified XII (0.70)	176,297.454	11.00	1,939,272

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Strategic Allocation Growth (continued)</b>			
Qualified XII (0.75)	262,631.752	\$ 10.96	\$ 2,878,444
Qualified XII (0.80)	160,170.052	11.62	1,861,176
Qualified XII (0.85)	235,562.322	16.19	3,813,754
Qualified XII (0.90)	1,087.170	11.38	12,372
Qualified XII (0.95)	92,191.900	16.05	1,479,680
Qualified XII (1.00)	540,415.582	15.98	8,635,841
Qualified XII (1.05)	137,114.582	15.91	2,181,493
Qualified XII (1.10)	60,402.525	15.84	956,776
Qualified XII (1.15)	77,379.518	15.77	1,220,275
Qualified XII (1.20)	14,378.663	15.70	225,745
Qualified XII (1.25)	20,915.985	15.64	327,126
Qualified XII (1.30)	17,514.644	15.57	272,703
Qualified XII (1.35)	2,284.387	15.50	35,408
Qualified XII (1.40)	22,433.376	15.43	346,147
Qualified XII (1.45)	1,151.269	15.37	17,695
Qualified XII (1.50)	4,965.294	15.30	75,969
Qualified XV	3,854.445	18.22	70,228
Qualified XVI	37,622.865	17.45	656,519
Qualified XVII	682.913	18.26	12,470
Qualified XVIII	3,919.116	18.78	73,601
Qualified XXI	9,322.633	18.38	171,350
Qualified XXII	1,446.200	18.55	26,827
Qualified XXIV	25,787.492	16.07	414,405
Qualified XXV	13,799.617	18.28	252,257
Qualified XXVI	320.473	18.17	5,823
Qualified XXVII	89,601.446	17.98	1,611,034
Qualified XXVIII	125,874.275	17.92	2,255,667
Qualified XXXII	6,059.421	11.41	69,138
Qualified XXXIII (0.65)	1,376.823	11.52	15,861
Qualified XXXIV (0.60)	22,075.986	11.41	251,887
	<u>5,143,215.542</u>		<u>\$ 81,653,415</u>

**ING VP Strategic Allocation Income**

Currently payable annuity contracts: \$ 147,013

Contracts in accumulation period:

ING MAP PLUS NP11	234.659	\$ 10.56	2,478
ING MAP PLUS NP15	1.802	10.54	19
ING MAP PLUS NP16	482.543	10.54	5,086
ING MAP PLUS NP17	605.224	10.53	6,373
ING MAP PLUS NP19	682.621	10.53	7,188
ING MAP PLUS NP22	871.931	10.51	9,164
ING MAP PLUS NP29	1,571.183	10.48	16,466

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Strategic Allocation Income (continued)</b>			
ING MAP PLUS NP7	1,270.794	\$ 10.58	\$ 13,445
Qualified V	7.344	16.75	123
Qualified VI	758,576.176	17.00	12,895,795
Qualified X (1.15)	25,649.710	17.24	442,201
Qualified X (1.25)	169,794.204	17.08	2,900,085
Qualified XII (0.00)	6,987.251	11.53	80,563
Qualified XII (0.05)	22,526.956	17.77	400,304
Qualified XII (0.25)	35,603.600	12.78	455,014
Qualified XII (0.30)	23,074.883	12.74	293,974
Qualified XII (0.40)	65,777.899	16.47	1,083,362
Qualified XII (0.45)	9,123.791	12.61	115,051
Qualified XII (0.55)	11,350.918	12.53	142,227
Qualified XII (0.60)	9,644.355	12.49	120,458
Qualified XII (0.65)	8,025.141	12.45	99,913
Qualified XII (0.70)	78,484.758	12.40	973,211
Qualified XII (0.75)	88,761.085	12.36	1,097,087
Qualified XII (0.80)	123,803.208	12.78	1,582,205
Qualified XII (0.85)	77,211.519	16.06	1,240,017
Qualified XII (0.90)	1,172.662	12.62	14,799
Qualified XII (0.95)	46,656.344	15.92	742,769
Qualified XII (1.00)	283,422.208	15.85	4,492,242
Qualified XII (1.05)	52,553.992	15.78	829,302
Qualified XII (1.10)	47,464.440	15.72	746,141
Qualified XII (1.15)	32,084.217	15.65	502,118
Qualified XII (1.20)	5,634.339	15.58	87,783
Qualified XII (1.25)	13,525.210	15.51	209,776
Qualified XII (1.30)	5,870.162	15.45	90,694
Qualified XII (1.35)	186.346	15.38	2,866
Qualified XII (1.40)	6,276.943	15.31	96,100
Qualified XII (1.45)	2,373.836	15.25	36,201
Qualified XII (1.50)	1,064.361	15.18	16,157
Qualified XV	488.060	17.42	8,502
Qualified XVI	17,194.065	16.68	286,797
Qualified XVII	13,823.998	17.46	241,367
Qualified XVIII	34,734.265	17.54	609,239
Qualified XXI	4,459.875	17.57	78,360
Qualified XXIV	4,794.169	15.95	76,467
Qualified XXV	8,237.986	17.48	144,000
Qualified XXVI	685.032	17.37	11,899
Qualified XXVII	103,950.320	17.19	1,786,906
Qualified XXVIII	62,417.922	17.13	1,069,219
Qualified XXXII	5,609.400	10.85	60,862
Qualified XXXIII (0.65)	1,007.484	11.49	11,576
Qualified XXXIV (0.60)	6,305.925	12.49	78,761
	<u>2,282,117.116</u>		<u>\$ 36,459,725</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING Financial Services</b>			
Contracts in accumulation period:			
ING MAP PLUS NP11	867.802	\$ 10.87	\$ 9,433
	<u>867.802</u>		<u>\$ 9,433</u>
<b>ING VP Growth and Income</b>			
Currently payable annuity contracts:			\$ 160,981,298
Contracts in accumulation period:	-		
Qualified I	49,405.214	\$ 262.97	12,992,089
Qualified V	833.648	20.12	16,773
Qualified VI	47,359,132.269	20.36	964,231,933
Qualified VII	4,096,241.537	19.26	78,893,612
Qualified VIII	47,574.537	18.89	898,683
Qualified IX	7,968.462	19.50	155,385
Qualified X (1.15)	393,754.325	20.58	8,103,464
Qualified X (1.25)	7,775,013.408	20.36	158,299,273
Qualified XII (0.00)	508,123.771	9.76	4,959,288
Qualified XII (0.05)	312,468.186	21.28	6,649,323
Qualified XII (0.25)	3,746,929.829	8.75	32,785,636
Qualified XII (0.30)	652,353.036	8.73	5,695,042
Qualified XII (0.40)	209,927.202	14.30	3,001,959
Qualified XII (0.45)	445,801.851	8.64	3,851,728
Qualified XII (0.55)	555,941.492	8.58	4,769,978
Qualified XII (0.60)	2,284,440.853	9.62	21,976,321
Qualified XII (0.65)	319,937.398	8.53	2,729,066
Qualified XII (0.70)	1,973,731.412	8.50	16,776,717
Qualified XII (0.75)	3,949,109.682	8.47	33,448,959
Qualified XII (0.80)	5,924,538.769	9.26	54,861,229
Qualified XII (0.85)	4,937,394.476	13.94	68,827,279
Qualified XII (0.90)	198,181.341	8.95	1,773,723
Qualified XII (0.95)	1,979,763.097	13.82	27,360,326
Qualified XII (1.00)	8,778,508.648	13.76	120,792,279
Qualified XII (1.05)	637,201.168	13.70	8,729,656
Qualified XII (1.10)	389,152.713	13.64	5,308,043
Qualified XII (1.15)	307,388.955	13.58	4,174,342
Qualified XII (1.20)	56,739.985	13.53	767,692
Qualified XII (1.25)	126,305.568	13.47	1,701,336
Qualified XII (1.30)	7,111.558	13.41	95,366
Qualified XII (1.35)	4,384.120	13.35	58,528
Qualified XII (1.40)	33,485.930	13.29	445,028
Qualified XII (1.45)	400.226	13.24	5,299
Qualified XII (1.50)	10,519.955	13.18	138,653

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Growth and Income (continued)</b>			
Qualified XV	395,517.937	\$ 20.85	\$ 8,246,549
Qualified XVI	825,239.409	19.97	16,480,031
Qualified XVII	2,484,959.980	20.74	51,538,070
Qualified XVIII	2,731,469.528	20.74	56,650,678
Qualified XIX	21,775.951	267.99	5,835,737
Qualified XX	64,850.202	203.16	13,174,967
Qualified XXI	277,870.423	21.03	5,843,615
Qualified XXII	894.253	21.23	18,985
Qualified XXIV	1,098,789.675	13.85	15,218,237
Qualified XXV	517,779.599	20.93	10,837,127
Qualified XXVI	75,251.563	20.79	1,564,480
Qualified XXVII	784,199.633	201.50	158,016,226
Qualified XXVIII	11,340.849	200.86	2,277,923
Qualified XXIX	1,701.896	199.36	339,290
Qualified XXX	37,888.755	197.33	7,476,588
Qualified XXXII	768,283.021	11.19	8,597,087
Qualified XXXIV (0.60)	410,828.794	9.62	3,952,173
	<u>108,588,406.089</u>		<u>\$ 2,182,323,069</u>
<b>ING GET US Core - Series 1</b>			
Contracts in accumulation period:			
Qualified XXVII	211,645.004	\$ 10.51	\$ 2,224,389
	<u>211,645.004</u>		<u>\$ 2,224,389</u>
<b>ING GET US Core - Series 2</b>			
Contracts in accumulation period:			
Qualified V	1,392.376	\$ 10.23	\$ 14,244
Qualified VI	277,985.952	10.25	2,849,356
Qualified XII (0.80)	359,809.797	10.31	3,709,639
Qualified XII (1.00)	885,700.097	10.28	9,104,997
Qualified XII (1.10)	3,210.039	10.26	32,935
Qualified XII (1.25)	100.293	10.24	1,027
Qualified XVII	19,855.360	10.26	203,716
Qualified XXVII	56,486.284	10.28	580,679
Qualified XXVIII	216,415.340	10.30	2,229,078
	<u>1,820,955.538</u>		<u>\$ 18,725,671</u>



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING GET US Core - Series 3</b>			
Contracts in accumulation period:			
Qualified VI	1,615,779.759	\$ 9.98	\$ 16,125,482
Qualified X (1.15)	55,212.952	9.96	549,921
Qualified X (1.25)	643,128.615	9.96	6,405,561
Qualified XII (0.80)	577,171.128	10.01	5,777,483
Qualified XII (0.95)	7,173.300	10.00	71,733
Qualified XII (1.00)	1,193,583.183	9.99	11,923,896
Qualified XII (1.10)	6,706.814	9.98	66,934
Qualified XII (1.15)	34,499.398	9.97	343,959
Qualified XII (1.25)	1,414.458	9.96	14,088
Qualified XVI	640.301	9.95	6,371
Qualified XVII	6,036.873	9.98	60,248
Qualified XVIII	113,328.987	9.97	1,129,890
Qualified XXIV	25,890.718	10.02	259,425
Qualified XXVII	919,656.800	10.00	9,196,568
Qualified XXVIII	30,163.337	10.01	301,935
Qualified XXXII	69,307.731	9.96	690,305
	<u>5,299,694.354</u>		<u>\$ 52,923,799</u>
<b>ING GET US Core - Series 5</b>			
Contracts in accumulation period:			
Qualified X (1.25)	47,614.327	\$ 10.47	\$ 498,522
Qualified XXXII	18,836.199	10.47	197,215
	<u>66,450.526</u>		<u>\$ 695,737</u>
<b>ING GET US Core - Series 6</b>			
Contracts in accumulation period:			
Qualified X (1.15)	68,117.460	\$ 10.08	\$ 686,624
Qualified X (1.25)	396,251.191	10.08	3,994,212
Qualified XVIII	48,936.111	10.08	493,276
Qualified XXXII	42,703.373	10.08	430,450
	<u>556,008.135</u>		<u>\$ 5,604,562</u>
<b>ING GET US Core - Series 7</b>			
Contracts in accumulation period:			
NYSUT 457	164,448.100	\$ 10.00	\$ 1,644,481
Qualified X (1.15)	35,976.400	10.00	359,764
Qualified X (1.25)	135,873.200	10.00	1,358,732
Qualified XVIII	56,875.600	10.00	568,756
Qualified XXXII	8,496.700	10.00	84,967
	<u>401,670.000</u>		<u>\$ 4,016,700</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

---

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING GNMA Income</b>			
Contracts in accumulation period:			
ING MAP PLUS NP10	6,732.581	\$ 10.19	\$ 68,605
ING MAP PLUS NP15	16,825.074	10.17	171,111
ING MAP PLUS NP16	3,098.721	10.16	31,483
ING MAP PLUS NP17	403.052	10.16	4,095
ING MAP PLUS NP19	1,551.626	10.15	15,749
ING MAP PLUS NP22	8,130.109	10.13	82,358
ING MAP PLUS NP29	2,893.367	10.10	29,223
ING MAP PLUS NP30	49.208	10.10	497
ING MAP PLUS NP7	47.549	10.20	485
	<u>39,731.287</u>		<u>\$ 403,606</u>
<b>ING Intermediate Bond</b>			
Contracts in accumulation period:			
ING MAP PLUS NP10	1,383.771	\$ 10.29	\$ 14,239
ING MAP PLUS NP11	5,481.420	10.28	56,349
ING MAP PLUS NP14	5,864.557	10.27	60,229
ING MAP PLUS NP15	2,357.798	10.26	24,191
ING MAP PLUS NP16	7,985.770	10.26	81,934
ING MAP PLUS NP17	4,349.026	10.26	44,621
ING MAP PLUS NP19	1,305.951	10.25	13,386
ING MAP PLUS NP22	426.589	10.23	4,364
ING MAP PLUS NP23	1,075.953	10.23	11,007
ING MAP PLUS NP29	154.902	10.20	1,580
ING MAP PLUS NP9	21,681.341	10.29	223,101
	<u>52,067.078</u>		<u>\$ 535,001</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Global Science and Technology</b>			
Contracts in accumulation period:			
Qualified V	2,315.643	\$ 3.58	\$ 8,290
Qualified VI	4,468,526.945	3.60	16,086,697
Qualified VIII	1,746.665	3.60	6,288
Qualified X (1.15)	32,395.305	3.62	117,271
Qualified X (1.25)	353,625.833	3.60	1,273,053
Qualified XII (0.00)	22,494.263	8.89	199,974
Qualified XII (0.05)	140,341.129	3.72	522,069
Qualified XII (0.25)	287,993.915	3.78	1,088,617
Qualified XII (0.30)	59,275.597	3.77	223,469
Qualified XII (0.55)	66,807.795	3.72	248,525
Qualified XII (0.60)	95,262.486	8.77	835,452
Qualified XII (0.65)	30,326.486	3.70	112,208
Qualified XII (0.70)	268,681.082	3.70	994,120
Qualified XII (0.75)	209,455.556	3.69	772,891
Qualified XII (0.80)	1,231,530.434	3.68	4,532,032
Qualified XII (0.85)	376,426.158	3.67	1,381,484
Qualified XII (0.90)	20,733.334	3.66	75,884
Qualified XII (0.95)	356,885.480	3.65	1,302,632
Qualified XII (1.00)	1,274,404.120	3.64	4,638,831
Qualified XII (1.05)	95,758.516	3.64	348,561
Qualified XII (1.10)	52,631.406	3.63	191,052
Qualified XII (1.15)	26,214.641	3.62	94,897
Qualified XII (1.20)	23,537.119	3.61	84,969
Qualified XII (1.25)	64,005.555	3.60	230,420
Qualified XII (1.30)	970.751	3.59	3,485
Qualified XII (1.35)	9,088.826	3.58	32,538
Qualified XII (1.40)	30,281.285	3.58	108,407
Qualified XII (1.45)	703.643	3.57	2,512
Qualified XII (1.50)	3,422.192	3.56	12,183
Qualified XV	18,324.657	3.65	66,885
Qualified XVI	59,773.034	3.56	212,792
Qualified XVII	6,078.629	3.65	22,187
Qualified XVIII	7,352.055	3.65	26,835
Qualified XXI	153,744.566	3.68	565,780
Qualified XXIV	196,034.604	3.67	719,447
Qualified XXV	75,161.623	3.70	278,098
Qualified XXVI	23,076.902	3.68	84,923
Qualified XXVII	864,757.865	3.56	3,078,538
Qualified XXXII	2,562.700	10.00	25,627
Qualified XXXIV (0.60)	14,525.314	8.77	127,387
	<u>11,027,234.109</u>		<u>\$ 40,737,310</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Growth</b>			
Currently payable annuity contracts:			\$ 210,491
Contracts in accumulation period:			
Qualified VI	2,540,097.482	\$ 14.30	36,323,394
Qualified VIII	554.934	14.29	7,930
Qualified X (1.15)	31,784.386	14.41	458,013
Qualified X (1.25)	317,434.405	14.30	4,539,312
Qualified XII (0.00)	42,614.316	9.43	401,853
Qualified XII (0.05)	22,086.403	14.93	329,750
Qualified XII (0.25)	131,316.120	9.74	1,279,019
Qualified XII (0.30)	72,335.051	9.70	701,650
Qualified XII (0.40)	299,121.995	15.14	4,528,707
Qualified XII (0.45)	116,594.797	9.61	1,120,476
Qualified XII (0.55)	17,616.021	9.55	168,233
Qualified XII (0.60)	54,680.863	9.51	520,015
Qualified XII (0.65)	27,074.261	9.48	256,664
Qualified XII (0.70)	256,409.418	9.45	2,423,069
Qualified XII (0.75)	571,824.628	9.42	5,386,588
Qualified XII (0.80)	481,659.307	10.69	5,148,938
Qualified XII (0.85)	185,448.949	14.75	2,735,372
Qualified XII (0.90)	16,929.110	10.34	175,047
Qualified XII (0.95)	142,835.724	14.64	2,091,115
Qualified XII (1.00)	829,922.085	14.58	12,100,264
Qualified XII (1.05)	88,767.011	14.52	1,288,897
Qualified XII (1.10)	47,811.610	14.47	691,834
Qualified XII (1.15)	21,180.430	14.41	305,210
Qualified XII (1.20)	6,500.905	14.36	93,353
Qualified XII (1.25)	27,913.636	14.30	399,165
Qualified XII (1.30)	8,045.122	14.25	114,643
Qualified XII (1.35)	2,078.435	14.19	29,493
Qualified XII (1.40)	13,958.487	14.14	197,373
Qualified XII (1.45)	1,478.906	14.08	20,823
Qualified XII (1.50)	4,398.931	14.03	61,717
Qualified XV	7,481.557	14.64	109,530
Qualified XVI	58,204.419	14.03	816,608
Qualified XVII	10,745.594	14.30	153,662
Qualified XVIII	40,425.595	14.69	593,852
Qualified XXI	35,425.000	14.76	522,873
Qualified XXIV	62,104.022	14.67	911,066
Qualified XXV	59,365.306	14.70	872,670
Qualified XXVI	17,836.208	14.61	260,587
Qualified XXVII	241,500.186	5.37	1,296,856
Qualified XXXII	10,256.633	10.93	112,105
Qualified XXXIV (0.60)	13,129.548	9.51	124,862
	<u>6,936,947.796</u>		<u>\$ 89,883,079</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Index Plus LargeCap</b>			
Currently payable annuity contracts:			\$ 4,320,519
Contracts in accumulation period:			
ING MAP PLUS NP11	901.114	\$ 10.78	9,714
ING MAP PLUS NP16	2,261.395	10.75	24,310
ING MAP PLUS NP17	6,689.023	10.75	71,907
ING MAP PLUS NP21	2,189.002	10.73	23,488
ING MAP PLUS NP23	616.604	10.72	6,610
ING MAP PLUS NP26	30.094	10.70	322
ING MAP PLUS NP27	16.168	10.70	173
ING MAP PLUS NP29	3,243.218	10.69	34,670
ING MAP PLUS NP7	7,900.555	10.80	85,326
ING MAP PLUS NP9	6,164.597	10.79	66,516
Qualified V	22.732	18.30	416
Qualified VI	12,053,612.460	18.54	223,473,975
Qualified VIII	5,250.998	18.53	97,301
Qualified X (1.15)	130,300.642	18.70	2,436,622
Qualified X (1.25)	1,224,653.991	18.54	22,705,085
Qualified XII (0.00)	127,121.662	10.71	1,361,473
Qualified XII (0.05)	391,453.509	19.38	7,586,369
Qualified XII (0.25)	714,615.670	11.87	8,482,488
Qualified XII (0.30)	100,124.176	11.83	1,184,469
Qualified XII (0.40)	466,832.452	19.66	9,177,926
Qualified XII (0.45)	423,973.891	11.72	4,968,974
Qualified XII (0.55)	223,076.718	11.64	2,596,613
Qualified XII (0.60)	325,584.483	11.60	3,776,780
Qualified XII (0.65)	88,982.180	11.56	1,028,634
Qualified XII (0.70)	765,777.257	11.52	8,821,754
Qualified XII (0.75)	1,294,852.393	11.49	14,877,854
Qualified XII (0.80)	3,127,840.720	12.77	39,942,526
Qualified XII (0.85)	1,005,097.861	19.17	19,267,726
Qualified XII (0.90)	67,929.163	12.31	836,208
Qualified XII (0.95)	623,072.857	19.01	11,844,615
Qualified XII (1.00)	4,222,763.180	18.93	79,936,907
Qualified XII (1.05)	278,888.913	18.85	5,257,056
Qualified XII (1.10)	166,098.401	18.77	3,117,667
Qualified XII (1.15)	259,832.246	18.70	4,858,863
Qualified XII (1.20)	34,593.501	18.62	644,131
Qualified XII (1.25)	116,478.263	18.54	2,159,507
Qualified XII (1.30)	13,198.483	18.46	243,644
Qualified XII (1.35)	18,808.863	18.39	345,895
Qualified XII (1.40)	65,981.813	18.31	1,208,127

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Index Plus LargeCap (continued)</b>			
Qualified XII (1.45)	3,149.616	\$ 18.24	\$ 57,449
Qualified XII (1.50)	10,027.643	18.16	182,102
Qualified XV	37,365.982	18.99	709,580
Qualified XVI	188,039.032	18.19	3,420,430
Qualified XVII	79,075.803	18.68	1,477,136
Qualified XVIII	72,828.624	19.04	1,386,657
Qualified XXI	140,916.597	19.16	2,699,962
Qualified XXIV	131,731.250	19.04	2,508,163
Qualified XXV	133,995.645	19.06	2,553,957
Qualified XXVI	31,598.310	18.94	598,472
Qualified XXVII	2,392,048.506	18.74	44,826,989
Qualified XXVIII	721,286.403	18.68	13,473,630
Qualified XXXII	71,567.460	11.34	811,575
Qualified XXXIII (0.65)	5,765.980	10.67	61,523
Qualified XXXIV (0.60)	74,962.845	11.60	869,569
	<u>32,461,190.944</u>		<u>\$ 562,520,354</u>

**ING VP Index Plus MidCap**

Currently payable annuity contracts: \$ 1,028,385

Contracts in accumulation period:

ING MAP PLUS NP14	10,297.788	\$ 11.30	116,365
ING MAP PLUS NP16	653.587	11.29	7,379
ING MAP PLUS NP17	388.220	11.29	4,383
ING MAP PLUS NP21	1,025.022	11.27	11,552
ING MAP PLUS NP23	255.417	11.26	2,876
ING MAP PLUS NP26	16.904	11.24	190
ING MAP PLUS NP29	2,364.025	11.23	26,548
ING MAP PLUS NP30	32.263	11.22	362
ING MAP PLUS NP7	3,888.712	11.34	44,098
ING MAP PLUS NP9	1,377.317	11.33	15,605
Qualified V	8,032.921	18.59	149,332
Qualified VI	5,712,947.366	18.79	107,346,281
Qualified VIII	1,855.005	18.78	34,837
Qualified X (1.15)	67,226.586	18.92	1,271,927
Qualified X (1.25)	526,002.555	18.79	9,883,588
Qualified XII (0.05)	204,340.133	19.56	3,996,893
Qualified XII (0.15)	82,575.000	13.68	1,129,626
Qualified XII (0.25)	315,405.593	20.56	6,484,739
Qualified XII (0.30)	113,839.239	20.49	2,332,566
Qualified XII (0.40)	149,928.391	19.83	2,973,080
Qualified XII (0.45)	201,451.923	20.28	4,085,445
Qualified XII (0.55)	94,685.757	20.15	1,907,918

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<b>Division/Contract</b>	<b>Units</b>	<b>Unit Value</b>	<b>Extended Value</b>
<b>ING VP Index Plus MidCap (continued)</b>			
Qualified XII (0.60)	417,848.954	\$ 20.08	\$ 8,390,407
Qualified XII (0.65)	101,888.611	20.02	2,039,810
Qualified XII (0.70)	315,249.824	19.95	6,289,234
Qualified XII (0.75)	442,115.385	19.89	8,793,675
Qualified XII (0.80)	2,047,007.950	19.37	39,650,544
Qualified XII (0.85)	577,038.290	19.30	11,136,839
Qualified XII (0.90)	24,389.605	19.24	469,256
Qualified XII (0.95)	402,880.448	19.18	7,727,247
Qualified XII (1.00)	2,898,090.162	19.11	55,382,503
Qualified XII (1.05)	197,865.879	19.05	3,769,345
Qualified XII (1.10)	149,319.231	18.98	2,834,079
Qualified XII (1.15)	89,722.675	18.92	1,697,553
Qualified XII (1.20)	20,823.383	18.86	392,729
Qualified XII (1.25)	104,291.059	18.79	1,959,629
Qualified XII (1.30)	12,305.873	18.73	230,489
Qualified XII (1.35)	8,427.852	18.67	157,348
Qualified XII (1.40)	50,145.513	18.61	933,208
Qualified XII (1.45)	7,191.478	18.54	133,330
Qualified XII (1.50)	10,138.312	18.48	187,356
Qualified XV	17,446.663	19.18	334,627
Qualified XVI	104,260.931	18.48	1,926,742
Qualified XVII	21,962.906	18.79	412,683
Qualified XVIII	27,288.132	18.79	512,744
Qualified XXI	56,916.960	19.34	1,100,774
Qualified XXIV	166,285.439	19.23	3,197,669
Qualified XXV	98,232.505	19.32	1,897,852
Qualified XXVI	32,925.313	19.20	632,166
Qualified XXVII	1,675,767.493	19.78	33,146,681
Qualified XXVIII	1,146,578.184	19.71	22,599,056
Qualified XXXII	15,226.707	11.72	178,457
Qualified XXXIII (0.65)	2,316.446	13.62	31,550
Qualified XXXIV (0.60)	23,444.124	20.08	470,758
	<u>18,763,982.011</u>		<u>\$ 361,470,315</u>

**ING VP Index Plus SmallCap**

Currently payable annuity contracts: \$ 594,096

Contracts in accumulation period:

ING MAP PLUS NP10	3,463.783	\$ 11.79	40,838
ING MAP PLUS NP16	2,375.935	11.76	27,941
ING MAP PLUS NP17	1,026.723	11.75	12,064
ING MAP PLUS NP29	30.625	11.69	358
ING MAP PLUS NP30	25.257	11.68	295

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<b>Division/Contract</b>	<b>Units</b>	<b>Unit Value</b>	<b>Extended Value</b>
<b>ING VP Index Plus SmallCap (continued)</b>			
ING MAP PLUS NP9	3,925.169	\$ 11.80	\$ 46,317
Qualified VI	3,206,207.143	14.70	47,131,245
Qualified VIII	809.190	14.69	11,887
Qualified X (1.15)	62,756.216	14.80	928,792
Qualified X (1.25)	310,165.714	14.70	4,559,436
Qualified XII (0.00)	23,271.662	14.68	341,628
Qualified XII (0.05)	196,547.582	15.30	3,007,178
Qualified XII (0.25)	195,697.797	16.34	3,197,702
Qualified XII (0.30)	76,283.732	16.29	1,242,662
Qualified XII (0.45)	91,919.963	16.13	1,482,669
Qualified XII (0.55)	36,942.947	16.02	591,826
Qualified XII (0.60)	228,857.483	15.97	3,654,854
Qualified XII (0.65)	31,742.426	15.91	505,022
Qualified XII (0.70)	172,604.351	15.86	2,737,505
Qualified XII (0.75)	210,974.130	15.81	3,335,501
Qualified XII (0.80)	1,240,295.313	15.15	18,790,474
Qualified XII (0.85)	338,780.331	15.10	5,115,583
Qualified XII (0.90)	14,247.973	15.05	214,432
Qualified XII (0.95)	241,959.133	15.00	3,629,387
Qualified XII (1.00)	1,031,397.458	14.95	15,419,392
Qualified XII (1.05)	63,033.960	14.90	939,206
Qualified XII (1.10)	50,781.886	14.85	754,111
Qualified XII (1.15)	70,347.500	14.80	1,041,143
Qualified XII (1.20)	10,934.373	14.75	161,282
Qualified XII (1.25)	67,253.606	14.70	988,628
Qualified XII (1.30)	627.167	14.65	9,188
Qualified XII (1.35)	4,882.945	14.60	71,291
Qualified XII (1.40)	21,397.938	14.55	311,340
Qualified XII (1.45)	2,460.759	14.50	35,681
Qualified XII (1.50)	2,041.730	14.45	29,503
Qualified XV	18,176.933	15.00	272,654
Qualified XVI	68,874.810	14.45	995,241
Qualified XVII	20,764.150	14.70	305,233
Qualified XVIII	43,727.211	14.70	642,790
Qualified XXI	20,569.511	15.12	311,011
Qualified XXIV	91,647.872	15.04	1,378,384
Qualified XXV	61,798.213	15.11	933,771
Qualified XXVI	16,039.507	15.01	240,753
Qualified XXVII	1,155,530.590	15.43	17,829,837
Qualified XXVIII	919,885.175	15.38	14,147,834
Qualified XXXII	14,044.508	12.29	172,607
Qualified XXXIII (0.65)	2,853.899	14.62	41,724
Qualified XXXIV (0.60)	15,909.017	15.97	254,067
	<u>10,465,891.296</u>		<u>\$ 158,486,363</u>



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP International Equity</b>			
Currently payable annuity contracts:			\$ 22,589
Contracts in accumulation period:			
Qualified VI	632,047.296	\$ 9.43	5,960,206
Qualified VIII	13.044	9.43	123
Qualified X (1.15)	6,359.052	9.50	60,411
Qualified X (1.25)	95,073.595	9.43	896,544
Qualified XII (0.05)	2,322.302	9.82	22,805
Qualified XII (0.15)	2,379.279	11.10	26,410
Qualified XII (0.25)	30,978.942	9.83	304,523
Qualified XII (0.30)	12,311.747	9.79	120,532
Qualified XII (0.40)	97,452.865	9.95	969,656
Qualified XII (0.45)	24,599.485	9.70	238,615
Qualified XII (0.55)	2,141.640	9.63	20,624
Qualified XII (0.60)	43,987.295	10.94	481,221
Qualified XII (0.65)	6,968.338	9.57	66,687
Qualified XII (0.70)	52,188.574	9.54	497,879
Qualified XII (0.75)	12,622.082	9.51	120,036
Qualified XII (0.80)	67,801.954	9.72	659,035
Qualified XII (0.85)	86,698.865	9.69	840,112
Qualified XII (0.90)	1,493.685	9.66	14,429
Qualified XII (0.95)	47,928.898	9.62	461,076
Qualified XII (1.00)	105,850.678	9.59	1,015,108
Qualified XII (1.05)	15,207.426	9.56	145,383
Qualified XII (1.10)	11,277.019	9.53	107,470
Qualified XII (1.15)	7,408.316	9.50	70,379
Qualified XII (1.20)	1,712.896	9.46	16,204
Qualified XII (1.25)	14,063.945	9.43	132,623
Qualified XII (1.35)	703.522	9.37	6,592
Qualified XII (1.40)	6,564.989	9.34	61,317
Qualified XII (1.45)	45.865	9.31	427
Qualified XII (1.50)	1,832.759	9.28	17,008
Qualified XV	2,344.387	9.62	22,553
Qualified XVI	13,835.561	9.28	128,394
Qualified XVIII	6,874.019	9.43	64,822
Qualified XXI	6,370.442	9.71	61,857
Qualified XXIV	22,318.963	9.65	215,378
Qualified XXV	12,019.485	9.70	116,589
Qualified XXVI	382.243	9.63	3,681
Qualified XXVII	54,101.937	6.71	363,024
Qualified XXXII	465.928	12.18	5,675
Qualified XXXIV (0.60)	202.285	10.94	2,213
	<u>1,508,951.603</u>		<u>\$ 14,340,210</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Small Company</b>			
Currently payable annuity contracts:			\$ 484,755
Contracts in accumulation period:			
Qualified V	320.822	\$ 21.90	7,026
Qualified VI	2,636,926.477	22.17	58,460,660
Qualified VIII	1,103.701	22.16	24,458
Qualified X (1.15)	39,059.418	22.35	872,978
Qualified X (1.25)	316,370.636	22.17	7,013,937
Qualified XII (0.00)	30,744.783	12.46	383,080
Qualified XII (0.05)	36,192.225	23.15	837,850
Qualified XII (0.25)	118,229.364	15.87	1,876,300
Qualified XII (0.30)	80,997.217	15.81	1,280,566
Qualified XII (0.40)	219,573.114	23.47	5,153,381
Qualified XII (0.45)	91,184.228	15.66	1,427,945
Qualified XII (0.55)	57,476.864	15.56	894,340
Qualified XII (0.60)	274,222.452	15.50	4,250,448
Qualified XII (0.65)	41,749.320	15.45	645,027
Qualified XII (0.70)	279,249.221	15.40	4,300,438
Qualified XII (0.75)	522,075.114	15.35	8,013,853
Qualified XII (0.80)	1,718,729.595	16.32	28,049,667
Qualified XII (0.85)	270,368.124	22.87	6,183,319
Qualified XII (0.90)	21,355.063	15.80	337,410
Qualified XII (0.95)	138,534.068	22.69	3,143,338
Qualified XII (1.00)	980,499.204	22.61	22,169,087
Qualified XII (1.05)	95,884.458	22.52	2,159,318
Qualified XII (1.10)	52,216.095	22.43	1,171,207
Qualified XII (1.15)	87,891.499	22.35	1,964,375
Qualified XII (1.20)	16,679.874	22.26	371,294
Qualified XII (1.25)	38,793.775	22.17	860,058
Qualified XII (1.30)	7,599.683	22.09	167,877
Qualified XII (1.35)	2,134.727	22.00	46,964
Qualified XII (1.40)	26,280.155	21.92	576,061
Qualified XII (1.45)	2,451.214	21.83	53,510
Qualified XII (1.50)	5,623.402	21.75	122,309
Qualified XV	9,937.990	22.69	225,493
Qualified XVI	58,199.356	21.75	1,265,836
Qualified XVII	8,472.215	22.17	187,829
Qualified XVIII	14,215.547	22.77	323,688
Qualified XXI	26,937.222	22.89	616,593
Qualified XXIV	79,181.047	22.74	1,800,577
Qualified XXV	43,219.789	22.79	984,979
Qualified XXVI	10,561.324	22.65	239,214
Qualified XXVII	519,293.557	11.02	5,722,615
Qualified XXVIII	56,367.292	11.74	661,752
Qualified XXXII	15,288.552	11.53	176,277
Qualified XXXIII (0.65)	367.688	12.41	4,563
Qualified XXXIV (0.60)	17,191.484	15.50	266,468
	<u>9,069,748.955</u>		<u>\$ 175,778,720</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Value Opportunity</b>			
Contracts in accumulation period:			
Qualified V	216.151	\$ 17.77	\$ 3,841
Qualified VI	1,889,964.944	18.00	34,019,369
Qualified VIII	644.691	17.99	11,598
Qualified X (1.15)	41,012.900	18.14	743,974
Qualified X (1.25)	190,637.778	18.00	3,431,480
Qualified XII (0.00)	32,286.494	9.70	313,179
Qualified XII (0.05)	5,534.593	18.79	103,995
Qualified XII (0.25)	190,743.622	12.70	2,422,444
Qualified XII (0.30)	53,494.234	12.66	677,237
Qualified XII (0.45)	21,558.419	12.53	270,127
Qualified XII (0.55)	186,341.124	12.45	2,319,947
Qualified XII (0.60)	166,604.754	12.41	2,067,565
Qualified XII (0.65)	15,981.406	12.37	197,690
Qualified XII (0.70)	248,943.147	12.33	3,069,469
Qualified XII (0.75)	344,181.123	12.29	4,229,986
Qualified XII (0.80)	635,659.377	13.49	8,575,045
Qualified XII (0.85)	235,565.949	18.56	4,372,104
Qualified XII (0.90)	21,027.321	13.14	276,299
Qualified XII (0.95)	149,673.833	18.42	2,756,992
Qualified XII (1.00)	798,182.670	18.35	14,646,652
Qualified XII (1.05)	63,731.455	18.28	1,165,011
Qualified XII (1.10)	36,914.717	18.21	672,217
Qualified XII (1.15)	54,581.863	18.14	990,115
Qualified XII (1.20)	30,067.239	18.07	543,315
Qualified XII (1.25)	32,827.111	18.00	590,888
Qualified XII (1.30)	7,191.634	17.93	128,946
Qualified XII (1.35)	2,965.398	17.86	52,962
Qualified XII (1.40)	15,601.855	17.79	277,557
Qualified XII (1.45)	1,021.050	17.72	18,093
Qualified XII (1.50)	3,315.807	17.65	58,524
Qualified XV	3,011.835	18.42	55,478
Qualified XVI	33,789.632	17.65	596,387
Qualified XVII	9,238.445	18.00	166,292
Qualified XVIII	7,420.617	18.48	137,133
Qualified XXI	25,183.845	18.57	467,664
Qualified XXIV	41,035.807	18.46	757,521
Qualified XXV	31,547.946	18.50	583,637
Qualified XXVI	8,121.382	18.38	149,271
Qualified XXVII	817,816.837	13.72	11,220,447
Qualified XXVIII	509,358.742	13.67	6,962,934
Qualified XXXII	7,239.399	11.32	81,950
Qualified XXXIII (0.65)	23.913	9.66	231
Qualified XXXIV (0.60)	14,748.187	12.41	183,025
	<u>6,985,009.246</u>		<u>\$ 110,368,591</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Financial Services</b>			
Contracts in accumulation period:			
Qualified VI	8,717.177	\$ 11.12	\$ 96,935
Qualified X (1.25)	34.266	11.44	392
Qualified XII (0.75)	0.179	11.16	2
Qualified XII (0.80)	1,477.778	11.16	16,492
Qualified XII (0.85)	933.364	11.15	10,407
Qualified XII (0.95)	9.686	11.15	108
Qualified XII (1.00)	5,499.461	11.14	61,264
Qualified XII (1.05)	156.822	11.14	1,747
Qualified XII (1.25)	523.112	11.12	5,817
Qualified XXIV	117.445	11.35	1,333
	<u>17,469.290</u>		<u>\$ 194,497</u>
<b>ING VP International Value</b>			
Currently payable annuity contracts:			\$ 287,214
Contracts in accumulation period:			
ING MAP PLUS NP17	1,297.920	\$ 11.54	14,978
ING MAP PLUS NP26	6.527	11.49	75
ING MAP PLUS NP27	25.849	11.49	297
ING MAP PLUS NP7	515.703	11.59	5,977
Qualified V	6,256.525	11.80	73,827
Qualified VI	845,792.080	11.87	10,039,552
Qualified X (1.15)	24,052.897	11.91	286,470
Qualified X (1.25)	183,335.973	11.87	2,176,198
Qualified XII (0.30)	10,661.746	12.26	130,713
Qualified XII (0.40)	75,769.721	12.22	925,906
Qualified XII (0.45)	4,546.885	12.20	55,472
Qualified XII (0.55)	25,881.744	12.16	314,722
Qualified XII (0.60)	11,159.852	12.13	135,369
Qualified XII (0.65)	23,580.347	12.11	285,558
Qualified XII (0.70)	61,310.836	12.09	741,248
Qualified XII (0.75)	390,089.809	12.07	4,708,384
Qualified XII (0.80)	359,887.137	12.05	4,336,640
Qualified XII (0.85)	68,875.312	12.03	828,570
Qualified XII (0.90)	1,708.327	12.01	20,517
Qualified XII (0.95)	66,697.081	11.99	799,698
Qualified XII (1.00)	2,256,852.966	11.97	27,014,530
Qualified XII (1.05)	25,396.067	11.95	303,483
Qualified XII (1.10)	20,979.631	11.93	250,287
Qualified XII (1.15)	64,416.037	11.91	767,195
Qualified XII (1.20)	3,068.965	11.89	36,490
Qualified XII (1.25)	12,651.980	11.87	150,179

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP International Value (continued)</b>			
Qualified XII (1.30)	1,541.941	\$ 11.85	\$ 18,272
Qualified XII (1.35)	937.394	11.82	11,080
Qualified XII (1.40)	5,529.746	11.80	65,251
Qualified XII (1.45)	866.723	11.78	10,210
Qualified XII (1.50)	1,088.520	11.76	12,801
Qualified XV	7,220.934	11.99	86,579
Qualified XVI	12,453.316	11.76	146,451
Qualified XVII	2,461.921	11.87	29,223
Qualified XVIII	15,740.522	11.87	186,840
Qualified XXI	3,691.784	12.05	44,486
Qualified XXIV	39,381.198	12.02	473,362
Qualified XXV	10,472.030	12.12	126,921
Qualified XXVI	2,898.917	12.01	34,816
Qualified XXVIII	167,823.331	13.33	2,237,085
Qualified XXXII	972.309	12.17	11,833
Qualified XXXIII (0.65)	11,146.390	12.05	134,314
Qualified XXXIV (0.60)	4,962.490	12.13	60,195
	<u>4,834,007.383</u>		<u>\$ 58,379,268</u>

**ING VP MagnaCap**

Contracts in accumulation period:

Qualified VI	100,037.710	\$ 9.52	\$ 952,359
Qualified XII (0.60)	125.000	9.68	1,210
Qualified XII (0.65)	226.577	9.67	2,191
Qualified XII (0.70)	253.106	9.66	2,445
Qualified XII (0.80)	3,823.883	9.63	36,824
Qualified XII (0.85)	21,790.541	9.62	209,625
Qualified XII (0.90)	243.496	9.61	2,340
Qualified XII (0.95)	6,188.425	9.59	59,347
Qualified XII (1.00)	26,072.338	9.58	249,773
Qualified XII (1.05)	2,470.846	9.57	23,646
Qualified XII (1.10)	831.727	9.55	7,943
Qualified XII (1.15)	1,382.809	9.54	13,192
Qualified XII (1.20)	87.618	9.53	835
Qualified XII (1.25)	2,700.421	9.52	25,708
Qualified XII (1.35)	304.110	9.49	2,886
Qualified XII (1.40)	143.777	9.48	1,363
Qualified XII (1.45)	4.863	9.46	46
Qualified XII (1.50)	791.006	9.45	7,475
Qualified XVI	239.683	9.45	2,265
Qualified XXI	1,186.812	9.63	11,429
Qualified XXIV	11,770.582	9.62	113,233
Qualified XXV	2,125.310	9.68	20,573
Qualified XXVI	106.451	9.61	1,023
Qualified XXXIV (0.60)	22.624	9.68	219
	<u>182,929.715</u>		<u>\$ 1,747,950</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

---

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP MidCap Opportunities</b>			
Contracts in accumulation period:			
Qualified VI	250,795.136	\$ 10.28	\$ 2,578,174
Qualified X (1.15)	10,821.317	10.32	111,676
Qualified X (1.25)	41,747.665	10.28	429,166
Qualified XII (0.55)	15,350.142	10.53	161,637
Qualified XII (0.60)	2,965.442	11.43	33,895
Qualified XII (0.65)	2,002.667	10.50	21,028
Qualified XII (0.70)	7,440.362	10.48	77,975
Qualified XII (0.75)	2,680.497	10.46	28,038
Qualified XII (0.80)	44,281.130	10.44	462,295
Qualified XII (0.85)	14,596.929	10.42	152,100
Qualified XII (0.90)	793.948	10.41	8,265
Qualified XII (0.95)	36,782.291	10.39	382,168
Qualified XII (1.00)	48,115.911	10.37	498,962
Qualified XII (1.05)	6,323.961	10.35	65,453
Qualified XII (1.10)	6,064.216	10.34	62,704
Qualified XII (1.15)	857.074	10.32	8,845
Qualified XII (1.20)	761.359	10.30	7,842
Qualified XII (1.25)	5,605.447	10.28	57,624
Qualified XII (1.30)	29.727	10.26	305
Qualified XII (1.35)	310.830	10.25	3,186
Qualified XII (1.40)	2,400.880	10.23	24,561
Qualified XII (1.45)	1,227.522	10.21	12,533
Qualified XII (1.50)	592.738	10.19	6,040
Qualified XV	82.194	10.39	854
Qualified XVI	6,239.254	10.19	63,578
Qualified XVIII	4,041.245	10.28	41,544
Qualified XXI	3,321.456	10.44	34,676
Qualified XXIV	11,118.138	10.42	115,851
Qualified XXV	4,921.619	10.50	51,677
Qualified XXVI	1,494.237	10.41	15,555
Qualified XXXIV (0.60)	2,408.399	11.43	27,528
	<u>536,173.733</u>		<u>\$ 5,545,735</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP Real Estate</b>			
Contracts in accumulation period:			
Qualified VI	659,404.899	\$ 13.88	\$ 9,152,540
Qualified X (1.15)	5,823.542	13.89	80,889
Qualified X (1.25)	41,062.968	13.88	569,954
Qualified XII (0.55)	545.018	13.95	7,603
Qualified XII (0.65)	65.208	13.94	909
Qualified XII (0.70)	2,923.960	13.94	40,760
Qualified XII (0.75)	1,342.140	13.93	18,696
Qualified XII (0.80)	610,444.006	13.93	8,503,485
Qualified XII (0.85)	21,014.224	13.92	292,518
Qualified XII (0.90)	108.333	13.92	1,508
Qualified XII (0.95)	18,544.285	13.91	257,951
Qualified XII (1.00)	341,616.391	13.91	4,751,884
Qualified XII (1.05)	9,097.338	13.90	126,453
Qualified XII (1.10)	3,096.978	13.90	43,048
Qualified XII (1.15)	10,565.443	13.89	146,754
Qualified XII (1.20)	290.857	13.89	4,040
Qualified XII (1.25)	3,731.484	13.88	51,793
Qualified XII (1.30)	467.507	13.88	6,489
Qualified XII (1.35)	29.560	13.87	410
Qualified XII (1.40)	1,375.703	13.87	19,081
Qualified XII (1.45)	0.216	13.87	3
Qualified XII (1.50)	855.484	13.86	11,857
Qualified XVI	2,647.403	13.86	36,693
Qualified XVIII	3,202.522	13.88	44,451
Qualified XXIV	84,960.456	13.58	1,153,763
Qualified XXVII	135,857.512	13.91	1,889,778
Qualified XXXII	838.400	13.88	11,637
	<u>1,959,911.837</u>		<u>\$ 27,224,947</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING VP SmallCap Opportunities</b>			
Contracts in accumulation period:			
Qualified V	128.591	\$ 7.38	\$ 949
Qualified VI	261,279.650	7.42	1,938,695
Qualified VIII	126.415	7.42	938
Qualified X (1.25)	55,719.677	7.42	413,440
Qualified XII (0.40)	78,599.345	7.64	600,499
Qualified XII (0.45)	10,727.655	7.63	81,852
Qualified XII (0.55)	354,764.079	7.60	2,696,207
Qualified XII (0.60)	5,796.906	8.08	46,839
Qualified XII (0.65)	9,229.156	7.58	69,957
Qualified XII (0.70)	14,063.889	7.56	106,323
Qualified XII (0.75)	52,532.583	7.55	396,621
Qualified XII (0.80)	55,768.303	7.54	420,493
Qualified XII (0.85)	14,721.675	7.52	110,707
Qualified XII (0.90)	309.854	7.51	2,327
Qualified XII (0.95)	10,741.334	7.50	80,560
Qualified XII (1.00)	86,221.391	7.48	644,936
Qualified XII (1.05)	6,479.116	7.47	48,399
Qualified XII (1.10)	4,123.726	7.46	30,763
Qualified XII (1.15)	1,799.731	7.45	13,408
Qualified XII (1.20)	2,396.904	7.43	17,809
Qualified XII (1.25)	8,829.919	7.42	65,518
Qualified XII (1.35)	638.566	7.39	4,719
Qualified XII (1.40)	3,099.593	7.38	22,875
Qualified XII (1.45)	293.623	7.37	2,164
Qualified XII (1.50)	1,646.060	7.36	12,115
Qualified XV	471.333	7.50	3,535
Qualified XVI	8,595.517	7.36	63,263
Qualified XVIII	5,768.059	7.42	42,799
Qualified XXI	722.679	7.54	5,449
Qualified XXIV	16,951.064	7.52	127,472
Qualified XXV	11,772.691	7.58	89,237
Qualified XXVI	1,234.088	7.51	9,268
Qualified XXXIV (0.60)	969.554	8.08	7,834
	<u>1,086,522.726</u>		<u>\$ 8,177,970</u>



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING Real Estate</b>			
Contracts in accumulation period:			
ING MAP PLUS NP10	2,983.542	\$ 12.76	\$ 38,070
ING MAP PLUS NP15	69.835	12.73	889
ING MAP PLUS NP16	3,267.479	12.73	41,595
ING MAP PLUS NP17	2,494.340	12.72	31,728
ING MAP PLUS NP19	1,174.665	12.71	14,930
ING MAP PLUS NP22	12,136.249	12.69	154,009
ING MAP PLUS NP30	77.944	12.65	986
	<u>22,204.054</u>		<u>\$ 282,207</u>
<b>Janus Advisor Series Balanced</b>			
Contracts in accumulation period:			
Qualified XII (1.00)	8.071	\$ 11.40	\$ 92
	<u>8.071</u>		<u>\$ 92</u>
<b>Janus Aspen Balanced</b>			
Currently payable annuity contracts:			\$ 258,468
Contracts in accumulation period:			
Qualified V	761.214	\$ 24.88	18,939
Qualified VI	5,950,152.890	25.26	150,300,862
Qualified VIII	4,110.618	25.24	103,752
Qualified X (1.15)	78,493.538	26.46	2,076,939
Qualified X (1.25)	712,694.964	26.21	18,679,735
Qualified XII (0.05)	59,741.326	26.40	1,577,171
Qualified XII (0.15)	105,721.652	11.50	1,215,799
Qualified XII (0.25)	311,111.355	15.94	4,959,115
Qualified XII (0.30)	148,874.055	15.88	2,364,120
Qualified XII (0.40)	531,902.011	23.87	12,696,501
Qualified XII (0.45)	553,170.502	15.73	8,701,372
Qualified XII (0.55)	474,298.655	15.62	7,408,545
Qualified XII (0.60)	33,226.332	15.57	517,334
Qualified XII (0.65)	58,434.343	15.52	906,901
Qualified XII (0.70)	483,683.581	15.47	7,482,585
Qualified XII (0.75)	807,820.882	15.42	12,456,598
Qualified XII (0.80)	843,134.136	16.61	14,004,458
Qualified XII (0.85)	493,644.588	23.28	11,492,046
Qualified XII (0.90)	37,701.421	16.18	610,009
Qualified XII (0.95)	360,479.333	23.08	8,319,863
Qualified XII (1.00)	1,730,560.400	22.98	39,768,278
Qualified XII (1.05)	259,170.367	22.88	5,929,818
Qualified XII (1.10)	161,442.494	22.78	3,677,660
Qualified XII (1.15)	99,264.771	22.68	2,251,325
Qualified XII (1.20)	40,486.670	22.58	914,189

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Janus Aspen Balanced (continued)</b>			
Qualified XII (1.25)	107,355.047	\$ 22.49	\$ 2,414,415
Qualified XII (1.30)	8,067.352	22.39	180,628
Qualified XII (1.35)	17,913.863	22.29	399,300
Qualified XII (1.40)	56,849.549	22.20	1,262,060
Qualified XII (1.45)	5,603.710	22.10	123,842
Qualified XII (1.50)	7,456.111	22.01	164,109
Qualified XV	16,292.697	25.88	421,655
Qualified XVI	135,065.927	24.77	3,345,583
Qualified XVII	5,992.636	25.26	151,374
Qualified XVIII	25,860.969	26.21	677,816
Qualified XXI	53,775.930	26.09	1,403,014
Qualified XXIV	141,346.540	23.12	3,267,932
Qualified XXV	177,086.550	25.80	4,568,833
Qualified XXVI	24,726.609	25.63	633,743
Qualified XXVII	1,025,397.813	10.06	10,315,502
Qualified XXXII	39,137.603	10.93	427,774
Qualified XXXIII (0.65)	4,920.943	11.46	56,394
Qualified XXXIV (0.60)	541,868.337	15.57	8,436,890
	<u>16,734,800.284</u>		<u>\$ 356,943,246</u>
<b>Janus Aspen Capital Appreciation</b>			
Contracts in accumulation period:			
Qualified X (1.25)	37,576.369	\$ 11.51	\$ 432,504
Qualified XVIII	2,807.124	11.51	32,310
Qualified XXVII	324,385.147	8.55	2,773,493
	<u>364,768.640</u>		<u>\$ 3,238,307</u>
<b>Janus Aspen Flexible Income</b>			
Contracts in accumulation period:			
Qualified V	333.698	\$ 20.09	\$ 6,704
Qualified VI	1,416,300.000	20.42	28,920,846
Qualified VIII	200.833	20.41	4,099
Qualified X (1.15)	11,783.370	13.83	162,964
Qualified X (1.25)	176,770.888	13.74	2,428,832
Qualified XII (0.05)	15,602.810	21.35	333,120
Qualified XII (0.15)	15,138.386	12.27	185,748
Qualified XII (0.25)	90,318.853	14.64	1,322,268
Qualified XII (0.30)	130,922.260	14.60	1,911,465
Qualified XII (0.40)	173,296.632	18.11	3,138,402
Qualified XII (0.45)	92,521.868	14.45	1,336,941
Qualified XII (0.55)	65,115.877	14.36	935,064
Qualified XII (0.60)	105,125.227	14.31	1,504,342

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Janus Aspen Flexible Income (continued)</b>			
Qualified XII (0.65)	48,954.979	\$ 14.26	\$ 698,098
Qualified XII (0.70)	239,641.561	14.22	3,407,703
Qualified XII (0.75)	263,604.305	14.17	3,735,273
Qualified XII (0.80)	273,284.050	14.42	3,940,756
Qualified XII (0.85)	196,824.689	17.66	3,475,924
Qualified XII (0.90)	10,368.877	14.33	148,586
Qualified XII (0.95)	146,978.584	17.51	2,573,595
Qualified XII (1.00)	591,157.970	17.44	10,309,795
Qualified XII (1.05)	63,822.235	17.36	1,107,954
Qualified XII (1.10)	94,388.953	17.29	1,631,985
Qualified XII (1.15)	22,338.699	17.21	384,449
Qualified XII (1.20)	19,865.636	17.14	340,497
Qualified XII (1.25)	36,460.141	17.06	622,010
Qualified XII (1.30)	1,801.765	16.99	30,612
Qualified XII (1.35)	8,609.515	16.92	145,673
Qualified XII (1.40)	23,430.404	16.84	394,568
Qualified XII (1.45)	3,732.260	16.77	62,590
Qualified XII (1.50)	4,474.132	16.70	74,718
Qualified XV	10,709.273	20.92	224,038
Qualified XVI	33,591.613	20.03	672,840
Qualified XVII	2,896.719	20.42	59,151
Qualified XVIII	5,387.845	13.74	74,029
Qualified XXI	15,752.417	21.10	332,376
Qualified XXIV	40,553.877	17.54	711,315
Qualified XXV	19,215.484	20.86	400,835
Qualified XXVI	10,197.251	20.73	211,389
Qualified XXXII	2,964.660	10.30	30,536
Qualified XXXIII (0.65)	1,008.994	12.23	12,340
Qualified XXXIV (0.60)	11,507.058	14.31	164,666
	<u>4,496,954.648</u>		<u>\$ 78,169,096</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Janus Aspen Growth</b>			
Currently payable annuity contracts:			\$ 359,229
Contracts in accumulation period:			
Qualified I	48.354	\$ 15.49	749
Qualified V	1,523.277	17.70	26,962
Qualified VI	4,180,956.936	17.95	75,048,177
Qualified VIII	2,805.070	17.95	50,351
Qualified X (1.15)	28,575.284	19.38	553,789
Qualified X (1.25)	437,330.625	19.20	8,396,748
Qualified XII (0.05)	21,325.320	18.76	400,063
Qualified XII (0.15)	79,740.498	9.63	767,901
Qualified XII (0.25)	215,724.815	10.80	2,329,828
Qualified XII (0.30)	144,418.942	10.77	1,555,392
Qualified XII (0.40)	379,229.957	16.29	6,177,656
Qualified XII (0.45)	143,345.497	10.66	1,528,063
Qualified XII (0.55)	62,609.821	10.59	663,038
Qualified XII (0.60)	381,881.517	10.55	4,028,850
Qualified XII (0.65)	69,913.403	10.52	735,489
Qualified XII (0.70)	605,402.195	10.48	6,344,615
Qualified XII (0.75)	295,205.933	10.45	3,084,902
Qualified XII (0.80)	720,882.199	11.46	8,261,310
Qualified XII (0.85)	493,053.023	15.88	7,829,682
Qualified XII (0.90)	49,287.161	11.06	545,116
Qualified XII (0.95)	225,860.698	15.75	3,557,306
Qualified XII (1.00)	989,902.806	15.68	15,521,676
Qualified XII (1.05)	147,917.873	15.61	2,308,998
Qualified XII (1.10)	124,258.585	15.55	1,932,221
Qualified XII (1.15)	55,355.685	15.48	856,906
Qualified XII (1.20)	11,320.247	15.41	174,445
Qualified XII (1.25)	54,886.766	15.34	841,963
Qualified XII (1.30)	5,193.521	15.28	79,357
Qualified XII (1.35)	6,770.085	15.21	102,973
Qualified XII (1.40)	30,587.525	15.15	463,401
Qualified XII (1.45)	1,147.480	15.08	17,304
Qualified XII (1.50)	9,887.616	15.02	148,512
Qualified XV	22,030.397	18.39	405,139
Qualified XVI	108,343.271	17.61	1,907,925
Qualified XVII	13,946.630	17.95	250,342
Qualified XVIII	21,896.719	19.20	420,417
Qualified XXI	68,970.135	18.55	1,279,396
Qualified XXII	264.316	18.72	4,948
Qualified XXIV	112,201.394	15.78	1,770,538
Qualified XXV	105,124.700	18.34	1,927,987

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Janus Aspen Growth (continued)</b>			
Qualified XXVI	22,146.323	\$ 18.22	\$ 403,506
Qualified XXVII	1,579,855.078	19.79	31,265,332
Qualified XXVIII	228,629.690	19.67	4,497,146
Qualified XXXII	35,849.338	10.58	379,286
Qualified XXXIII (0.65)	219.792	9.60	2,110
Qualified XXXIV (0.60)	27,871.469	10.55	294,044
	<u>12,323,697.966</u>		<u>\$ 199,501,088</u>

**Janus Aspen Mid Cap Growth**

Contracts in accumulation period:

Qualified I	41.156	\$ 14.87	\$ 612
Qualified V	877.390	20.92	18,355
Qualified VI	8,889,785.607	21.26	188,996,842
Qualified VIII	9,449.694	21.25	200,806
Qualified X (1.15)	23,824.843	20.73	493,889
Qualified X (1.25)	815,087.531	20.53	16,733,747
Qualified XII (0.05)	115,819.982	22.22	2,573,520
Qualified XII (0.15)	206,811.243	10.94	2,262,515
Qualified XII (0.25)	515,553.705	13.09	6,748,598
Qualified XII (0.30)	446,772.873	13.05	5,830,386
Qualified XII (0.45)	456,123.065	12.92	5,893,110
Qualified XII (0.55)	113,095.869	12.83	1,451,020
Qualified XII (0.60)	789,107.819	12.79	10,092,689
Qualified XII (0.65)	99,290.431	12.75	1,265,953
Qualified XII (0.70)	799,977.262	12.71	10,167,711
Qualified XII (0.75)	844,106.319	12.66	10,686,386
Qualified XII (0.80)	1,637,608.376	13.61	22,287,850
Qualified XII (0.85)	1,163,046.567	14.71	17,108,415
Qualified XII (0.90)	57,773.910	13.30	768,393
Qualified XII (0.95)	734,812.689	14.58	10,713,569
Qualified XII (1.00)	2,758,953.031	14.52	40,059,998
Qualified XII (1.05)	340,366.528	14.46	4,921,700
Qualified XII (1.10)	272,267.986	14.40	3,920,659
Qualified XII (1.15)	161,763.573	14.33	2,318,072
Qualified XII (1.20)	45,237.421	14.27	645,538
Qualified XII (1.25)	118,948.065	14.21	1,690,252
Qualified XII (1.30)	7,648.481	14.15	108,226
Qualified XII (1.35)	29,900.497	14.09	421,298
Qualified XII (1.40)	78,426.942	14.03	1,100,330
Qualified XII (1.45)	2,239.585	13.97	31,287
Qualified XII (1.50)	23,491.302	13.91	326,764
Qualified XV	65,531.221	21.78	1,427,270

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Janus Aspen Mid Cap Growth (continued)</b>			
Qualified XVI	209,514.094	\$ 20.86	\$ 4,370,464
Qualified XVII	27,191.392	21.26	578,089
Qualified XVIII	27,679.396	20.53	568,258
Qualified XXI	182,201.365	21.97	4,002,964
Qualified XXII	43.843	22.17	972
Qualified XXIV	370,418.960	14.61	5,411,821
Qualified XXV	267,172.882	21.72	5,802,995
Qualified XXVI	76,241.937	21.58	1,645,301
Qualified XXVII	2,256,189.603	24.72	55,773,007
Qualified XXVIII	289,261.986	24.57	7,107,167
Qualified XXXII	30,648.450	12.26	375,750
Qualified XXXIV (0.60)	112,053.245	12.79	1,433,161
	<u>25,472,358.116</u>		<u>\$ 458,335,709</u>
<b>Janus Aspen Worldwide Growth</b>			
Currently payable annuity contracts:			\$ 519,898
Contracts in accumulation period:			
Qualified V	820.774	\$ 20.41	16,752
Qualified VI	8,351,236.138	20.56	171,701,415
Qualified VIII	8,624.500	20.49	176,716
Qualified X (1.15)	47,800.171	23.32	1,114,700
Qualified X (1.25)	806,681.334	23.09	18,626,272
Qualified XII (0.05)	86,381.200	21.49	1,856,332
Qualified XII (0.15)	125,431.118	9.48	1,189,087
Qualified XII (0.25)	683,019.029	10.51	7,178,530
Qualified XII (0.30)	213,825.954	10.48	2,240,896
Qualified XII (0.40)	383,966.872	17.87	6,861,488
Qualified XII (0.45)	691,100.675	10.37	7,166,714
Qualified XII (0.55)	163,286.699	10.30	1,681,853
Qualified XII (0.60)	790,819.766	10.27	8,121,719
Qualified XII (0.65)	108,910.058	10.24	1,115,239
Qualified XII (0.70)	1,004,140.785	10.20	10,242,236
Qualified XII (0.75)	995,706.785	10.17	10,126,338
Qualified XII (0.80)	1,435,110.906	11.92	17,106,522
Qualified XII (0.85)	873,972.002	17.43	15,233,332
Qualified XII (0.90)	71,081.261	11.58	823,121
Qualified XII (0.95)	596,642.419	17.28	10,309,981
Qualified XII (1.00)	2,030,795.407	17.20	34,929,681
Qualified XII (1.05)	340,989.142	17.13	5,841,144
Qualified XII (1.10)	212,534.193	17.05	3,623,708
Qualified XII (1.15)	165,203.651	16.98	2,805,158
Qualified XII (1.20)	35,848.788	16.91	606,203

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Janus Aspen Worldwide Growth (continued)</b>			
Qualified XII (1.25)	69,875.045	\$ 16.83	\$ 1,175,997
Qualified XII (1.30)	7,636.217	16.76	127,983
Qualified XII (1.35)	16,806.111	16.69	280,494
Qualified XII (1.40)	55,159.567	16.62	916,752
Qualified XII (1.45)	2,765.861	16.55	45,775
Qualified XII (1.50)	19,870.249	16.47	327,263
Qualified XV	48,324.121	21.06	1,017,706
Qualified XVI	197,373.376	20.17	3,981,021
Qualified XVII	36,361.479	20.56	747,592
Qualified XVIII	37,079.298	23.09	856,161
Qualified XXI	105,840.160	21.24	2,248,045
Qualified XXII	1,017.817	21.44	21,822
Qualified XXIV	250,240.554	17.31	4,331,664
Qualified XXV	139,748.238	21.00	2,934,713
Qualified XXVI	48,080.115	20.87	1,003,432
Qualified XXVII	2,326,339.432	23.23	54,040,865
Qualified XXVIII	385,185.275	23.09	8,893,928
Qualified XXXII	52,890.968	10.85	573,867
Qualified XXXIV (0.60)	82,855.306	10.27	850,924
	<u>24,107,378.816</u>		<u>\$ 425,591,039</u>
<b>Janus Twenty</b>			
Contracts in accumulation period:			
Qualified XII (0.95)	84,713.559	\$ 5.90	\$ 499,810
Qualified XII (1.10)	39,284.327	5.87	230,599
	<u>123,997.886</u>		<u>\$ 730,409</u>
<b>Lord Abbett Affiliated</b>			
Contracts in accumulation period:			
ING MAP PLUS NP10	289.369	\$ 11.10	\$ 3,212
ING MAP PLUS NP14	623.556	11.08	6,909
ING MAP PLUS NP15	2,642.006	11.07	29,247
ING MAP PLUS NP16	8,800.452	11.07	97,421
ING MAP PLUS NP17	2,583.363	11.06	28,572
ING MAP PLUS NP22	3,498.460	11.04	38,623
ING MAP PLUS NP23	174.343	11.03	1,923
ING MAP PLUS NP26	1,397.641	11.02	15,402
	<u>20,009.190</u>		<u>\$ 221,309</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Lord Abbett Growth and Income</b>			
Currently payable annuity contracts:			\$ 682,674
Contracts in accumulation period:			
Qualified V	1,394.751	\$ 11.24	15,677
Qualified VI	3,951,615.650	11.31	44,692,773
Qualified VIII	4,402.832	11.30	49,752
Qualified X (1.15)	101,882.540	11.34	1,155,348
Qualified X (1.25)	686,678.692	11.31	7,766,336
Qualified XII (0.45)	796.213	11.62	9,252
Qualified XII (0.55)	200,109.586	11.58	2,317,269
Qualified XII (0.60)	46,852.574	11.85	555,203
Qualified XII (0.65)	71,097.487	11.54	820,465
Qualified XII (0.70)	191,700.695	11.52	2,208,392
Qualified XII (0.75)	236,532.087	11.50	2,720,119
Qualified XII (0.80)	578,567.945	11.48	6,641,960
Qualified XII (0.85)	738,287.609	11.46	8,460,776
Qualified XII (0.90)	20,383.828	11.44	233,191
Qualified XII (0.95)	285,912.960	11.42	3,265,126
Qualified XII (1.00)	1,645,556.491	11.40	18,759,344
Qualified XII (1.05)	128,257.645	11.38	1,459,572
Qualified XII (1.10)	121,409.595	11.36	1,379,213
Qualified XII (1.15)	37,600.176	11.34	426,386
Qualified XII (1.20)	28,089.585	11.33	318,255
Qualified XII (1.25)	85,275.685	11.31	964,468
Qualified XII (1.30)	9,718.334	11.29	109,720
Qualified XII (1.35)	3,821.473	11.27	43,068
Qualified XII (1.40)	31,920.978	11.25	359,111
Qualified XII (1.45)	4,484.150	11.23	50,357
Qualified XII (1.50)	24,465.032	11.21	274,253
Qualified XV	12,474.168	11.42	142,455
Qualified XVI	77,390.009	11.21	867,542
Qualified XVII	18,851.105	11.31	213,206
Qualified XVIII	24,234.748	11.31	274,095
Qualified XXI	48,282.840	11.48	554,287
Qualified XXIV	56,108.465	11.46	643,003
Qualified XXV	75,691.304	11.50	870,450
Qualified XXVI	11,720.542	11.44	134,083
Qualified XXXII	4,273.988	11.61	49,621
Qualified XXXIV (0.60)	15,217.468	11.85	180,327
	<u>9,581,059.230</u>		<u>\$ 109,667,129</u>



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Lord Abbett Mid-Cap Value - Class VC</b>			
Currently payable annuity contracts:			\$ 199,893
Contracts in accumulation period:			
NYSUT 457	500,248.724	\$ 15.68	7,843,900
Qualified V	11,159.007	12.49	139,376
Qualified VI	2,159,781.688	12.56	27,126,858
Qualified X (1.15)	68,329.445	12.60	860,951
Qualified X (1.25)	353,609.873	12.56	4,441,340
Qualified XI	1,667.846	13.00	21,682
Qualified XII (0.30)	27,640.139	12.98	358,769
Qualified XII (0.45)	39,456.313	12.91	509,381
Qualified XII (0.55)	122,933.256	12.87	1,582,151
Qualified XII (0.60)	28,499.084	14.20	404,687
Qualified XII (0.65)	5,983.386	12.82	76,707
Qualified XII (0.70)	69,459.609	12.80	889,083
Qualified XII (0.75)	48,903.364	12.78	624,985
Qualified XII (0.80)	289,338.166	12.76	3,691,955
Qualified XII (0.85)	158,816.012	12.74	2,023,316
Qualified XII (0.90)	8,605.823	12.71	109,380
Qualified XII (0.95)	136,721.355	12.69	1,734,994
Qualified XII (1.00)	2,256,745.620	12.67	28,592,967
Qualified XII (1.05)	58,607.036	12.65	741,379
Qualified XII (1.10)	34,989.786	12.63	441,921
Qualified XII (1.15)	23,810.000	12.60	300,006
Qualified XII (1.20)	25,032.591	12.58	314,910
Qualified XII (1.25)	33,044.188	12.56	415,035
Qualified XII (1.30)	8,043.142	12.54	100,861
Qualified XII (1.35)	5,106.949	12.52	63,939
Qualified XII (1.40)	14,769.040	12.50	184,613
Qualified XII (1.45)	2,539.455	12.47	31,667
Qualified XII (1.50)	3,920.000	12.45	48,804
Qualified XV	5,586.998	12.69	70,899
Qualified XVI	45,281.044	12.45	563,749
Qualified XVII	3,637.739	12.56	45,690
Qualified XVIII	5,626.433	12.56	70,668
Qualified XXI	43,373.432	12.76	553,445
Qualified XXIV	112,314.925	12.73	1,429,769
Qualified XXV	36,588.263	12.78	467,598
Qualified XXVI	5,810.229	12.71	73,848
Qualified XXVIII	636,706.691	13.60	8,659,211
Qualified XXXII	8,519.051	12.65	107,766
Qualified XXXIII (0.65)	12,913.092	14.36	185,432
Qualified XXXIV (0.60)	9,661.760	14.20	137,197
	<u>7,423,780.554</u>		<u>\$ 96,240,782</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Lord Abbett Mid Cap Value - Class A</b>			
Contracts in accumulation period:			
ING MAP PLUS NP10	5,412.895	\$ 12.02	\$ 65,063
ING MAP PLUS NP17	6,142.988	11.98	73,593
ING MAP PLUS NP22	1,787.113	11.95	21,356
ING MAP PLUS NP23	1,170.293	11.95	13,985
ING MAP PLUS NP26	1,162.280	11.93	13,866
ING MAP PLUS NP29	6,302.351	11.91	75,061
ING MAP PLUS NP7	1,753.532	12.03	21,095
Qualified XII (1.00)	385.052	14.25	5,487
	<u>24,116.504</u>		<u>\$ 289,506</u>
<b>Lord Abbett Small-Cap Value</b>			
Contracts in accumulation period:			
ING MAP PLUS NP10	3,438.767	\$ 11.84	\$ 40,715
ING MAP PLUS NP11	21,590.541	11.84	255,632
ING MAP PLUS NP15	3,189.924	11.81	37,673
ING MAP PLUS NP17	8,244.831	11.80	97,289
ING MAP PLUS NP21	150.000	11.78	1,767
ING MAP PLUS NP22	5,663.582	11.78	66,717
ING MAP PLUS NP29	2,551.022	11.74	29,949
	<u>44,828.667</u>		<u>\$ 529,742</u>
<b>Massachusetts Investors Growth Stock</b>			
Contracts in accumulation period:			
ING MAP PLUS NP10	16,861.815	\$ 10.58	\$ 178,398
ING MAP PLUS NP15	145.213	10.55	1,532
	<u>17,007.028</u>		<u>\$ 179,930</u>
<b>MFS® Total Return</b>			
Contracts in accumulation period:			
Qualified XXVII	2,358,000.756	\$ 14.54	\$ 34,285,331
Qualified XXVIII	2,800,859.931	14.45	40,472,426
	<u>5,158,860.687</u>		<u>\$ 74,757,757</u>
<b>Moderate Allocation</b>			
Contracts in accumulation period:			
ING Custom Choice 41	5,862.593	\$ 10.72	\$ 62,847
	<u>5,862.593</u>		<u>\$ 62,847</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Mutual Discovery</b>			
Contracts in accumulation period:			
ING MAP PLUS NP10	11,384.742	\$ 11.60	\$ 132,063
ING MAP PLUS NP22	4,652.253	11.54	53,687
	<u>16,036.995</u>		<u>\$ 185,750</u>
<b>New Perspective Fund® - Class R-3</b>			
Contracts in accumulation period:			
ING MAP PLUS NP15	12,454.268	\$ 11.13	\$ 138,616
ING MAP PLUS NP17	4,726.439	11.12	52,558
ING MAP PLUS NP7	1,183.796	11.17	13,223
	<u>18,364.503</u>		<u>\$ 204,397</u>
<b>New Perspective Fund® - Class R-4</b>			
Contracts in accumulation period:			
Qualified VI	307,558.569	11.32	3,481,563
Qualified XII (0.55)	430.783	11.37	4,898
Qualified XII (0.70)	14,558.099	11.36	165,380
Qualified XII (0.75)	8,872.271	11.36	100,789
Qualified XII (0.80)	208,700.088	11.35	2,368,746
Qualified XII (0.85)	49,471.983	11.35	561,507
Qualified XII (0.90)	1,713.833	11.35	19,452
Qualified XII (0.95)	17,217.196	11.34	195,243
Qualified XII (1.00)	117,405.379	11.34	1,331,377
Qualified XII (1.05)	6,474.691	11.34	73,423
Qualified XII (1.10)	7,460.988	11.33	84,533
Qualified XII (1.15)	2,962.224	11.33	33,562
Qualified XII (1.20)	143.198	11.32	1,621
Qualified XII (1.25)	5,595.318	11.32	63,339
Qualified XII (1.35)	20.867	11.31	236
Qualified XII (1.40)	557.383	11.31	6,304
Qualified XII (1.50)	522.655	11.30	5,906
Qualified XVI	473.097	11.30	5,346
Qualified XVII	13.933	11.34	158
Qualified XXIV	11,504.203	11.66	134,139
	<u>761,656.758</u>		<u>\$ 8,637,522</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Oppenheimer Capital Appreciation</b>			
Contracts in accumulation period:			
ING MAP PLUS NP10	5,992.375	\$ 10.36	\$ 62,081
ING MAP PLUS NP11	1,489.952	10.35	15,421
ING MAP PLUS NP14	281.528	10.34	2,911
ING MAP PLUS NP15	127.590	10.33	1,318
ING MAP PLUS NP16	11,085.673	10.33	114,515
ING MAP PLUS NP22	1,964.660	10.30	20,236
ING MAP PLUS NP29	76.436	10.27	785
	<u>21,018.214</u>		<u>\$ 217,267</u>
<b>Oppenheimer Developing Markets</b>			
Contracts in accumulation period:			
ING MAP PLUS NP10	2,171.822	\$ 13.06	\$ 28,364
ING MAP PLUS NP14	2,836.915	13.03	36,965
ING MAP PLUS NP16	3,594.700	13.02	46,803
ING MAP PLUS NP17	4,445.238	13.02	57,877
ING MAP PLUS NP19	4,179.077	13.00	54,328
ING MAP PLUS NP26	456.327	12.96	5,914
ING MAP PLUS NP30	63.601	12.94	823
Qualified V	129.731	28.59	3,709
Qualified VI	475,584.925	28.79	13,692,090
Qualified XII (0.55)	644.426	29.69	19,133
Qualified XII (0.60)	308.977	29.63	9,155
Qualified XII (0.65)	110.826	29.56	3,276
Qualified XII (0.70)	14,675.627	29.50	432,931
Qualified XII (0.75)	5,797.723	29.43	170,627
Qualified XII (0.80)	56,413.109	29.37	1,656,853
Qualified XII (0.85)	16,831.263	29.30	493,156
Qualified XII (0.90)	2,294.870	29.24	67,102
Qualified XII (0.95)	16,282.414	29.17	474,958
Qualified XII (1.00)	126,957.918	29.11	3,695,745
Qualified XII (1.05)	10,521.136	29.05	305,639
Qualified XII (1.10)	14,273.223	28.98	413,638
Qualified XII (1.15)	7,115.387	28.92	205,777
Qualified XII (1.20)	616.008	28.86	17,778
Qualified XII (1.25)	3,752.796	28.79	108,043
Qualified XII (1.30)	1,423.251	28.73	40,890
Qualified XII (1.35)	49.424	28.67	1,417
Qualified XII (1.40)	1,039.545	28.60	29,731
Qualified XII (1.45)	121.128	28.54	3,457
Qualified XII (1.50)	189.220	28.48	5,389
Qualified XVI	7,720.857	28.48	219,890
Qualified XVII	2,971.205	28.79	85,541
Qualified XXIV	15,217.589	29.28	445,571
Qualified XXVII	757,938.353	19.19	14,544,837
	<u>1,556,728.611</u>		<u>\$ 37,377,407</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Oppenheimer Global Fund</b>			
Contracts in accumulation period:			
Qualified XII (1.00)	285.930	\$ 14.57	\$ 4,166
	<u>285.930</u>		<u>\$ 4,166</u>
<b>Oppenheimer Main Street Fund® - Class A</b>			
Contracts in accumulation period:			
ING MAP PLUS NP15	1,181.655	\$ 10.63	\$ 12,561
ING MAP PLUS NP29	32.386	10.56	342
	<u>1,214.041</u>		<u>\$ 12,903</u>
<b>Oppenheimer Aggressive Growth</b>			
Contracts in accumulation period:			
Currently payable annuity contracts:			\$ 3,368
			<u>\$ 3,368</u>
<b>Oppenheimer Global Securities</b>			
Currently payable annuity contracts:			\$ 956,285
Contracts in accumulation period:			
ING MAP PLUS NP14	573.666	\$ 11.43	6,557
ING MAP PLUS NP15	4,605.599	11.43	52,642
ING MAP PLUS NP17	2,772.679	11.42	31,664
ING MAP PLUS NP21	134.824	11.40	1,537
ING MAP PLUS NP22	1,476.119	11.39	16,813
ING MAP PLUS NP23	1,585.163	11.39	18,055
ING MAP PLUS NP26	23.219	11.37	264
ING MAP PLUS NP27	26.386	11.37	300
ING MAP PLUS NP29	1,468.310	11.36	16,680
ING MAP PLUS NP9	14,623.036	11.46	167,580
Qualified V	1,338.758	17.88	23,937
Qualified VI	6,774,870.116	18.07	122,421,903
Qualified VIII	1,417.718	18.06	25,604
Qualified X (1.15)	70,465.200	18.19	1,281,762
Qualified X (1.25)	602,331.599	18.07	10,884,132
Qualified XI	2,243.309	18.98	42,578
Qualified XII (0.05)	140,975.119	18.81	2,651,742
Qualified XII (0.15)	51,098.856	13.11	669,906
Qualified XII (0.25)	554,882.970	19.26	10,687,046
Qualified XII (0.30)	124,579.323	19.20	2,391,923
Qualified XII (0.45)	126,706.207	19.01	2,408,685
Qualified XII (0.55)	197,892.638	18.88	3,736,213
Qualified XII (0.60)	479,992.773	18.82	9,033,464
Qualified XII (0.65)	90,636.141	18.76	1,700,334
Qualified XII (0.70)	340,028.610	18.70	6,358,535

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Oppenheimer Global Securities (continued)</b>			
Qualified XII (0.75)	665,171.996	\$ 18.64	\$ 12,398,806
Qualified XII (0.80)	2,607,975.242	18.62	48,560,499
Qualified XII (0.85)	657,638.201	18.56	12,205,765
Qualified XII (0.90)	29,946.811	18.50	554,016
Qualified XII (0.95)	450,892.353	18.44	8,314,455
Qualified XII (1.00)	2,817,189.058	18.37	51,751,763
Qualified XII (1.05)	248,724.577	18.31	4,554,147
Qualified XII (1.10)	149,366.630	18.25	2,725,941
Qualified XII (1.15)	83,303.243	18.19	1,515,286
Qualified XII (1.20)	32,120.463	18.13	582,344
Qualified XII (1.25)	124,005.811	18.07	2,240,785
Qualified XII (1.30)	13,046.086	18.01	234,960
Qualified XII (1.35)	9,196.936	17.95	165,085
Qualified XII (1.40)	55,453.382	17.89	992,061
Qualified XII (1.45)	4,069.770	17.83	72,564
Qualified XII (1.50)	11,634.778	17.77	206,750
Qualified XV	17,929.989	18.44	330,629
Qualified XVI	143,311.986	17.77	2,546,654
Qualified XVII	29,012.009	18.07	524,247
Qualified XVIII	11,825.567	18.07	213,688
Qualified XXI	68,358.472	18.59	1,270,784
Qualified XXIV	167,981.612	18.49	3,105,980
Qualified XXV	90,543.608	18.46	1,671,435
Qualified XXVI	23,658.179	18.34	433,891
Qualified XXVII	2,689,500.905	18.78	50,508,827
Qualified XXVIII	1,399,013.658	18.67	26,119,585
Qualified XXXII	19,729.345	12.37	244,052
Qualified XXXIII (0.65)	11,773.680	13.07	153,882
Qualified XXXIV (0.60)	30,974.495	18.82	582,940
	<u>22,250,097.180</u>		<u>\$ 410,367,962</u>

**Oppenheimer Main Street Fund®/VA**

Currently payable annuity contracts:

\$ 43,201
<u>\$ 43,201</u>

**Oppenheimer Main Street® Small Cap**

Contracts in accumulation period:

Qualified X (1.25)	369.268	\$ 12.30	\$ 4,542
	<u>369.268</u>		<u>\$ 4,542</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Oppenheimer Strategic Bond</b>			
Currently payable annuity contracts:			\$ 86,300
Contracts in accumulation period:			
Qualified V	1,556.606	\$ 13.85	21,559
Qualified VI	1,071,573.286	14.00	15,002,026
Qualified VIII	1,324.429	14.00	18,542
Qualified X (1.15)	37,651.773	14.10	530,890
Qualified X (1.25)	164,955.286	14.00	2,309,374
Qualified XI	1,449.422	14.71	21,321
Qualified XII (0.05)	34,543.416	14.58	503,643
Qualified XII (0.15)	7,108.454	13.84	98,381
Qualified XII (0.25)	65,593.992	14.98	982,598
Qualified XII (0.30)	48,877.160	14.93	729,736
Qualified XII (0.40)	95,983.356	14.78	1,418,634
Qualified XII (0.45)	27,228.417	14.78	402,436
Qualified XII (0.55)	24,357.220	14.68	357,564
Qualified XII (0.60)	61,421.941	14.63	898,603
Qualified XII (0.65)	28,120.713	14.58	410,000
Qualified XII (0.70)	81,306.602	14.54	1,182,198
Qualified XII (0.75)	73,506.626	14.49	1,065,111
Qualified XII (0.80)	168,274.636	14.43	2,428,203
Qualified XII (0.85)	116,322.045	14.38	1,672,711
Qualified XII (0.90)	6,294.909	14.34	90,269
Qualified XII (0.95)	100,059.133	14.29	1,429,845
Qualified XII (1.00)	277,954.495	14.24	3,958,072
Qualified XII (1.05)	36,861.452	14.19	523,064
Qualified XII (1.10)	35,337.270	14.14	499,669
Qualified XII (1.15)	12,669.858	14.10	178,645
Qualified XII (1.20)	2,817.295	14.05	39,583
Qualified XII (1.25)	29,772.928	14.00	416,821
Qualified XII (1.30)	7,448.066	13.96	103,975
Qualified XII (1.35)	3,874.551	13.91	53,895
Qualified XII (1.40)	13,615.729	13.86	188,714
Qualified XII (1.45)	3,447.829	13.82	47,649
Qualified XII (1.50)	1,034.132	13.77	14,240
Qualified XV	13,570.959	14.29	193,929
Qualified XVI	24,376.398	13.77	335,663
Qualified XVII	4,063.000	14.00	56,882
Qualified XVIII	5,424.214	14.00	75,939
Qualified XXI	5,767.592	14.41	83,111
Qualified XXIV	29,979.623	14.33	429,608
Qualified XXV	35,152.377	14.30	502,679
Qualified XXVI	7,167.065	14.21	101,844
Qualified XXVII	354,444.194	14.21	5,036,652
Qualified XXVIII	173,322.734	14.12	2,447,317
Qualified XXXII	6,721.783	10.88	73,133
Qualified XXXIV (0.60)	3,902.803	14.63	57,098
	<u>3,306,235.769</u>		<u>\$ 47,078,126</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Pax World Balanced</b>			
Contracts in accumulation period:			
ING MAP PLUS NP10	19.694	\$ 11.12	\$ 219
ING MAP PLUS NP14	481.261	11.10	5,342
ING MAP PLUS NP15	218.199	11.10	2,422
ING MAP PLUS NP30	13.249	11.02	146
Qualified VI	436,918.655	10.56	4,613,861
Qualified XII (0.55)	559.321	10.89	6,091
Qualified XII (0.65)	106.273	10.84	1,152
Qualified XII (0.70)	21,085.305	10.82	228,143
Qualified XII (0.75)	45,236.019	10.80	488,549
Qualified XII (0.80)	74,393.036	10.77	801,213
Qualified XII (0.85)	23,476.186	10.75	252,369
Qualified XII (0.95)	21,430.280	10.70	229,304
Qualified XII (1.00)	336,606.461	10.68	3,594,957
Qualified XII (1.05)	37,976.641	10.66	404,831
Qualified XII (1.10)	955.973	10.63	10,162
Qualified XII (1.15)	3,782.564	10.61	40,133
Qualified XII (1.20)	901.983	10.59	9,552
Qualified XII (1.25)	8,390.152	10.56	88,600
Qualified XII (1.35)	8.365	10.52	88
Qualified XII (1.40)	3,533.842	10.49	37,070
Qualified XII (1.45)	136.867	10.47	1,433
Qualified XVI	3,350.622	10.45	35,014
Qualified XVII	2,773.011	10.56	29,283
Qualified XXIV	9,175.791	10.74	98,548
Qualified XXVII	518,199.626	10.70	5,544,736
	<u>1,549,729.376</u>		<u>\$ 16,523,218</u>
<b>PIMCO NFJ Small-Cap Value</b>			
Contracts in accumulation period:			
ING MAP PLUS NP15	<u>4,377.667</u>	\$ 12.00	<u>\$ 52,532</u>
	<u>4,377.667</u>		<u>\$ 52,532</u>



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>PIMCO VIT Real Return</b>			
Contracts in accumulation period:			
Qualified VI	303,706.308	\$ 10.78	\$ 3,273,954
Qualified X (1.25)	2,211.889	10.43	23,070
Qualified XII (0.60)	276.916	10.83	2,999
Qualified XII (0.70)	32,095.564	10.82	347,274
Qualified XII (0.75)	3,232.994	10.82	34,981
Qualified XII (0.80)	58,300.000	10.82	630,806
Qualified XII (0.85)	16,990.657	10.81	183,669
Qualified XII (0.90)	93.432	10.81	1,010
Qualified XII (0.95)	21,653.241	10.80	233,855
Qualified XII (1.00)	390,652.593	10.80	4,219,048
Qualified XII (1.05)	9,234.167	10.80	99,729
Qualified XII (1.10)	12,813.624	10.79	138,259
Qualified XII (1.15)	4,166.358	10.79	44,955
Qualified XII (1.20)	400.834	10.79	4,325
Qualified XII (1.25)	6,279.870	10.78	67,697
Qualified XII (1.35)	1,575.046	10.78	16,979
Qualified XII (1.40)	1,184.215	10.77	12,754
Qualified XII (1.45)	145.961	10.77	1,572
Qualified XII (1.50)	246.840	10.76	2,656
Qualified XVI	13,498.420	10.76	145,243
Qualified XXIV	3,201.132	10.60	33,932
	<u>881,960.061</u>		<u>\$ 9,518,767</u>

**Pioneer High Yield**

Contracts in accumulation period:

ING MAP PLUS NP10	5,074.690	\$ 10.47	\$ 53,132
ING MAP PLUS NP14	7,727.655	10.45	80,754
ING MAP PLUS NP16	4,419.923	10.44	46,144
ING MAP PLUS NP17	4,663.506	10.44	48,687
ING MAP PLUS NP19	2,446.980	10.43	25,522
ING MAP PLUS NP23	881.076	10.41	9,172
ING MAP PLUS NP30	88.921	10.38	923
ING MAP PLUS NP9	16,499.427	10.48	172,914
	<u>41,802.178</u>		<u>\$ 437,248</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Pioneer Equity Income</b>			
Currently payable annuity contracts:			\$ 148,935
Contracts in accumulation period:			
ING MAP PLUS NP29	4.960	\$ 11.29	56
NYSUT 457	159,520.872	13.99	2,231,697
Qualified VI	893,501.529	11.12	9,935,737
Qualified VIII	4,447.482	11.12	49,456
Qualified X (1.15)	13,513.083	11.16	150,806
Qualified X (1.25)	148,751.259	11.12	1,654,114
Qualified XI	1,876.629	11.51	21,600
Qualified XII (0.30)	14,407.658	11.49	165,544
Qualified XII (0.45)	3,127.909	11.43	35,752
Qualified XII (0.55)	57,715.715	11.39	657,382
Qualified XII (0.60)	7,714.780	11.57	89,260
Qualified XII (0.65)	43,020.352	11.35	488,281
Qualified XII (0.70)	25,155.869	11.33	285,016
Qualified XII (0.75)	100,429.355	11.31	1,135,856
Qualified XII (0.80)	416,204.252	11.29	4,698,946
Qualified XII (0.85)	90,771.961	11.27	1,023,000
Qualified XII (0.90)	8,282.845	11.25	93,182
Qualified XII (0.95)	73,619.056	11.23	826,742
Qualified XII (1.00)	220,727.362	11.22	2,476,561
Qualified XII (1.05)	23,516.607	11.20	263,386
Qualified XII (1.10)	12,888.730	11.18	144,096
Qualified XII (1.15)	37,928.853	11.16	423,286
Qualified XII (1.20)	3,624.147	11.14	40,373
Qualified XII (1.25)	19,642.536	11.12	218,425
Qualified XII (1.30)	3,199.099	11.10	35,510
Qualified XII (1.35)	1,606.498	11.08	17,800
Qualified XII (1.40)	3,625.678	11.06	40,100
Qualified XII (1.45)	1,211.957	11.04	13,380
Qualified XII (1.50)	384.211	11.02	4,234
Qualified XV	3,771.149	11.23	42,350
Qualified XVI	7,664.791	11.02	84,466
Qualified XVIII	655.036	11.12	7,284
Qualified XXI	7,270.417	11.29	82,083
Qualified XXIV	16,599.290	11.27	187,074
Qualified XXV	15,537.754	11.31	175,732
Qualified XXVI	7,310.045	11.25	82,238
Qualified XXXII	1,012.919	11.92	12,074
Qualified XXXIII (0.65)	18,301.027	11.69	213,939
Qualified XXXIV (0.60)	2,029.041	11.57	23,476
	<u>2,470,572.713</u>		<u>\$ 28,279,229</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Pioneer Fund</b>			
Contracts in accumulation period:			
Qualified XII (1.00)	110.979	\$ 12.57	\$ 1,395
	<u>110.979</u>		<u>\$ 1,395</u>
<b>Pioneer Fund VCT</b>			
Contracts in accumulation period:			
ING MAP PLUS NP11	50.457	10.94	552
Qualified VI	94,149.209	10.12	952,790
Qualified X (1.15)	9,789.557	10.15	99,364
Qualified X (1.25)	33,191.996	10.12	335,903
Qualified XII (0.55)	2,215.830	10.36	22,956
Qualified XII (0.65)	1,915.392	10.33	19,786
Qualified XII (0.70)	6,417.556	10.31	66,165
Qualified XII (0.75)	3,398.348	10.29	34,969
Qualified XII (0.80)	18,372.736	10.27	188,688
Qualified XII (0.85)	21,023.002	10.26	215,696
Qualified XII (0.90)	1,035.254	10.24	10,601
Qualified XII (0.95)	17,485.127	10.22	178,698
Qualified XII (1.00)	19,840.392	10.20	202,372
Qualified XII (1.05)	3,824.730	10.19	38,974
Qualified XII (1.10)	1,407.178	10.17	14,311
Qualified XII (1.15)	3,418.620	10.15	34,699
Qualified XII (1.20)	772.458	10.13	7,825
Qualified XII (1.25)	9,394.466	10.12	95,072
Qualified XII (1.35)	461.805	10.08	4,655
Qualified XII (1.40)	145.229	10.06	1,461
Qualified XII (1.50)	1.695	10.03	17
Qualified XVI	3,272.882	10.03	32,827
Qualified XVII	885.969	10.12	8,966
Qualified XXI	959.299	10.27	9,852
Qualified XXIV	2,095.512	10.25	21,479
Qualified XXV	206.803	10.29	2,128
	<u>255,731.502</u>		<u>\$ 2,600,806</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Pioneer High Yield VCT</b>			
Contracts in accumulation period:			
Qualified VI	176,478.403	\$ 10.65	\$ 1,879,495
Qualified X (1.25)	53.084	10.70	568
Qualified XII (0.65)	62.862	10.69	672
Qualified XII (0.70)	11,736.763	10.69	125,466
Qualified XII (0.75)	900.749	10.68	9,620
Qualified XII (0.80)	5,955.993	10.68	63,610
Qualified XII (0.85)	21,059.925	10.68	224,920
Qualified XII (0.90)	271.415	10.67	2,896
Qualified XII (0.95)	8,526.336	10.67	90,976
Qualified XII (1.00)	171,706.004	10.66	1,830,386
Qualified XII (1.05)	7,083.208	10.66	75,507
Qualified XII (1.10)	1,599.624	10.66	17,052
Qualified XII (1.15)	2,409.296	10.65	25,659
Qualified XII (1.20)	5.728	10.65	61
Qualified XII (1.25)	3,419.155	10.65	36,414
Qualified XII (1.35)	12.969	10.64	138
Qualified XII (1.40)	1,189.474	10.64	12,656
Qualified XII (1.50)	41.204	10.63	438
Qualified XVI	4,159.361	10.63	44,214
Qualified XXIV	2,504.533	11.03	27,625
	<u>419,176.086</u>		<u>\$ 4,468,373</u>
<b>Pioneer Mid Cap Value VCT</b>			
Currently payable annuity contracts:			\$ 267,174
Contracts in accumulation period:			
ING MAP PLUS NP26	18.252	\$ 11.67	213
NYSUT 457	239,676.583	16.27	3,899,538
Qualified VI	1,337,054.336	14.30	19,119,877
Qualified X (1.15)	20,091.219	14.35	288,309
Qualified X (1.25)	146,113.706	14.30	2,089,426
Qualified XI	1,473.581	14.80	21,809
Qualified XII (0.55)	20,278.430	14.65	297,079
Qualified XII (0.60)	18,482.914	14.69	271,514
Qualified XII (0.65)	12,373.356	14.60	180,651
Qualified XII (0.70)	63,350.891	14.58	923,656
Qualified XII (0.75)	99,900.412	14.55	1,453,551
Qualified XII (0.80)	479,697.453	14.53	6,970,004
Qualified XII (0.85)	74,326.207	14.50	1,077,730
Qualified XII (0.90)	6,230.732	14.48	90,221
Qualified XII (0.95)	63,944.499	14.45	923,998
Qualified XII (1.00)	570,706.861	14.43	8,235,300

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Pioneer Mid Cap Value VCT (continued)</b>			
Qualified XII (1.05)	31,913.333	\$ 14.40	\$ 459,552
Qualified XII (1.10)	28,915.160	14.38	415,800
Qualified XII (1.15)	6,177.700	14.35	88,650
Qualified XII (1.20)	3,534.334	14.33	50,647
Qualified XII (1.25)	20,922.378	14.30	299,190
Qualified XII (1.30)	4,805.252	14.28	68,619
Qualified XII (1.35)	2,365.754	14.25	33,712
Qualified XII (1.40)	8,140.337	14.23	115,837
Qualified XII (1.45)	5,358.944	14.20	76,097
Qualified XII (1.50)	1,109.309	14.18	15,730
Qualified XV	3,564.083	14.45	51,501
Qualified XVI	37,673.061	14.18	534,204
Qualified XVII	2,025.665	14.30	28,967
Qualified XVIII	4,231.678	14.30	60,513
Qualified XXI	13,050.103	14.53	189,618
Qualified XXIV	28,503.244	14.49	413,012
Qualified XXV	29,820.687	14.55	433,891
Qualified XXVI	6,800.760	14.48	98,475
Qualified XXXII	5,878.918	12.38	72,781
Qualified XXXIII (0.65)	1,094.415	14.86	16,263
Qualified XXXIV (0.60)	2,093.941	14.69	30,760
	<u>3,401,698.488</u>		<u>\$ 49,663,869</u>
<b>Scudder Equity 500 Index</b>			
Contracts in accumulation period:			
Qualified XII (1.00)	148.055	\$ 12.34	\$ 1,827
	<u>148.055</u>		<u>\$ 1,827</u>
<b>T. Rowe Price Mid-Cap Value</b>			
Contracts in accumulation period:			
ING MAP PLUS NP11	906.615	\$ 11.64	\$ 10,553
ING MAP PLUS NP14	7,492.083	11.62	87,058
ING MAP PLUS NP15	15,694.923	11.62	182,375
ING MAP PLUS NP16	7,873.816	11.61	91,415
ING MAP PLUS NP19	7,662.069	11.60	88,880
ING MAP PLUS NP22	13,673.057	11.58	158,334
ING MAP PLUS NP27	20.520	11.55	237
ING MAP PLUS NP30	24.090	11.54	278
	<u>53,347.173</u>		<u>\$ 619,130</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Templeton Foreign Fund</b>			
Contracts in accumulation period:			
ING MAP PLUS NP10	11,381.850	\$ 11.46	\$ 130,436
ING MAP PLUS NP11	12,691.012	11.46	145,439
ING MAP PLUS NP14	5,712.675	11.44	65,353
ING MAP PLUS NP15	305.594	11.44	3,496
ING MAP PLUS NP16	1,997.726	11.43	22,834
ING MAP PLUS NP22	761.315	11.40	8,679
ING MAP PLUS NP29	6,356.113	11.37	72,269
ING MAP PLUS NP30	135.211	11.36	1,536
	<u>39,341.496</u>		<u>\$ 450,042</u>
<b>Templeton Growth</b>			
Contracts in accumulation period:			
ING MAP PLUS NP16	2,439.964	11.31	27,596
ING MAP PLUS NP19	1,377.060	11.29	15,547
ING MAP PLUS NP22	423.936	11.28	4,782
ING MAP PLUS NP26	1,185.968	11.26	13,354
	<u>5,426.928</u>		<u>\$ 61,279</u>
<b>Templeton Global Bond</b>			
Contracts in accumulation period:			
Qualified V	17,146.034	\$ 11.60	\$ 198,894
Qualified VI	294,872.179	11.61	3,423,466
Qualified XII (0.55)	457.949	17.55	8,037
Qualified XII (0.60)	981.906	17.52	17,203
Qualified XII (0.65)	135.906	17.49	2,377
Qualified XII (0.70)	7,507.274	17.46	131,077
Qualified XII (0.75)	679.576	17.43	11,845
Qualified XII (0.80)	12,176.379	17.40	211,869
Qualified XII (0.85)	7,769.587	11.64	90,438
Qualified XII (0.90)	142.330	17.34	2,468
Qualified XII (0.95)	14,153.138	11.63	164,601
Qualified XII (1.00)	186,462.253	11.63	2,168,556
Qualified XII (1.05)	7,382.545	11.63	85,859
Qualified XII (1.10)	1,237.005	11.62	14,374
Qualified XII (1.15)	1,133.046	11.62	13,166
Qualified XII (1.20)	71.576	11.61	831
Qualified XII (1.25)	9,002.326	11.61	104,517
Qualified XII (1.30)	1,853.402	11.61	21,518
Qualified XII (1.35)	30.258	11.60	351
Qualified XII (1.40)	1,202.414	11.60	13,948
Qualified XII (1.45)	316.566	11.59	3,669
Qualified XII (1.50)	208.887	11.59	2,421
Qualified XVI	5,198.102	11.59	60,246
Qualified XXIV	1,966.188	11.83	23,260
	<u>572,086.826</u>		<u>\$ 6,774,991</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>UBS U.S. Small Cap Growth</b>			
Contracts in accumulation period:			
ING MAP PLUS NP11	4,491.876	\$ 10.71	\$ 48,108
	<u>4,491.876</u>		<u>\$ 48,108</u>
<b>Vanguard® 500 Index</b>			
Contracts in accumulation period:			
Qualified XXXI	1,177.172	\$ 10.82	\$ 12,737
	<u>1,177.172</u>		<u>\$ 12,737</u>
<b>Vanguard® Variable Insurance</b>			
Contracts in accumulation period:			
ING MAP PLUS NP11	18,284.150	\$ 11.23	\$ 205,331
ING MAP PLUS NP22	199.107	11.19	2,228
	<u>18,483.257</u>		<u>\$ 207,559</u>
<b>Wanger Select</b>			
Contracts in accumulation period:			
Qualified VI	71,288.694	\$ 11.41	\$ 813,404
Qualified X (1.25)	405.232	11.85	4,802
Qualified XII (0.70)	5,664.978	11.45	64,864
Qualified XII (0.75)	108.559	11.45	1,243
Qualified XII (0.80)	1,828.147	11.44	20,914
Qualified XII (0.85)	13,495.280	11.44	154,386
Qualified XII (0.90)	22.747	11.43	260
Qualified XII (0.95)	9,284.077	11.43	106,117
Qualified XII (1.00)	68,514.524	11.43	783,121
Qualified XII (1.05)	12,679.947	11.42	144,805
Qualified XII (1.10)	1,444.133	11.42	16,492
Qualified XII (1.15)	1,238.704	11.42	14,146
Qualified XII (1.20)	619.895	11.41	7,073
Qualified XII (1.25)	3,245.048	11.41	37,026
Qualified XII (1.40)	132.719	11.40	1,513
Qualified XII (1.50)	429.588	11.39	4,893
Qualified XVI	1,900.878	11.39	21,651
Qualified XVII	466.842	11.43	5,336
Qualified XXIV	2,119.508	11.79	24,989
	<u>194,889.500</u>		<u>\$ 2,227,035</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Wanger U.S. Smaller Companies</b>			
Contracts in accumulation period:			
Qualified VI	84,145.808	\$ 11.57	\$ 973,567
Qualified X (1.25)	47.690	12.12	578
Qualified XII (0.55)	342.304	11.63	3,981
Qualified XII (0.65)	23.150	11.62	269
Qualified XII (0.70)	8,865.663	11.62	103,019
Qualified XII (0.75)	1,281.137	11.61	14,874
Qualified XII (0.80)	2,741.171	11.61	31,825
Qualified XII (0.85)	12,355.603	11.60	143,325
Qualified XII (0.95)	10,661.465	11.60	123,673
Qualified XII (1.00)	54,255.910	11.59	628,826
Qualified XII (1.05)	2,512.597	11.59	29,121
Qualified XII (1.10)	462.953	11.58	5,361
Qualified XII (1.15)	23.575	11.58	273
Qualified XII (1.25)	2,504.667	11.57	28,979
Qualified XII (1.40)	9.862	11.56	114
Qualified XII (1.50)	442.338	11.55	5,109
Qualified XVI	743.896	11.55	8,592
Qualified XVII	355.393	11.59	4,119
Qualified XXIV	4,185.000	11.80	49,383
	<u>185,960.182</u>		<u>\$ 2,154,988</u>
<b>Washington Mutual Investors<sup>SM</sup> - Class R-3</b>			
Contracts in accumulation period:			
ING MAP PLUS NP10	22,428.465	\$ 10.75	\$ 241,106
ING MAP PLUS NP11	22,663.256	10.75	243,630
ING MAP PLUS NP14	2,259.739	10.73	24,247
ING MAP PLUS NP15	30,562.069	10.73	327,931
ING MAP PLUS NP17	9,935.727	10.72	106,511
ING MAP PLUS NP19	2,065.826	10.71	22,125
ING MAP PLUS NP21	797.009	10.70	8,528
ING MAP PLUS NP22	17,277.549	10.69	184,697
ING MAP PLUS NP23	893.172	10.69	9,548
ING MAP PLUS NP27	16.026	10.67	171
ING MAP PLUS NP29	3,828.706	10.66	40,814
ING MAP PLUS NP7	2,084.679	10.77	22,452
	<u>114,812.223</u>		<u>\$ 1,231,760</u>



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>Washington Mutual Investors<sup>SM</sup> - Class R-4</b>			
Contracts in accumulation period:			
Qualified VI	1,204,530.777	\$ 10.82	\$ 13,033,023
Qualified XII (0.55)	12,557.313	10.87	136,498
Qualified XII (0.60)	8,442.081	10.86	91,681
Qualified XII (0.65)	108.748	10.86	1,181
Qualified XII (0.70)	23,930.478	10.86	259,885
Qualified XII (0.75)	39,974.470	10.85	433,723
Qualified XII (0.80)	1,066,825.806	10.85	11,575,060
Qualified XII (0.85)	88,142.712	10.84	955,467
Qualified XII (0.90)	4,467.804	10.84	48,431
Qualified XII (0.95)	39,518.358	10.84	428,379
Qualified XII (1.00)	649,314.959	10.83	7,032,081
Qualified XII (1.05)	27,631.025	10.83	299,244
Qualified XII (1.10)	42,278.301	10.83	457,874
Qualified XII (1.15)	8,984.474	10.82	97,212
Qualified XII (1.20)	4,346.303	10.82	47,027
Qualified XII (1.25)	25,185.860	10.82	272,511
Qualified XII (1.35)	690.564	10.81	7,465
Qualified XII (1.40)	1,765.926	10.80	19,072
Qualified XII (1.45)	836.944	10.80	9,039
Qualified XII (1.50)	379.629	10.80	4,100
Qualified XVI	17,631.297	10.80	190,418
Qualified XVII	8,339.520	10.83	90,317
Qualified XXIV	33,350.993	11.08	369,529
	<u>3,309,234.344</u>		<u>\$ 35,829,217</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY  
VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

---

*Qualified I*

Individual Contracts issued prior to May 1, 1975 in connection with "Qualified Corporate Retirement Plans" established pursuant to Section 401 of the Internal Revenue Code ("Code"); tax-deferred annuity Plans established by the public school systems and tax-exempt organizations pursuant to Section 403(b) of the Code, and certain individual retirement annuity plans established by or on behalf of individuals pursuant to section 408(b) of the Code; individual Contracts issued prior to November 1, 1975 in connection with "H.R. 10 Plans" established by persons entitled to the benefits of the Self-Employed Individuals Tax Retirement Act of 1962, as amended; allocated group Contracts issued prior to May 1, 1975 in connection with qualified corporate retirement plans; and group Contracts issued prior to October 1, 1978 in connection with tax-deferred annuity plans.

*Qualified V*

Certain group AetnaPlus Contracts issued since August 28, 1992 in connection with "Optional Retirement Plans" established pursuant to Section 403(b) or 401(a) of the Internal Revenue Code.

*Qualified VI*

Certain group AetnaPlus Contracts issued in connection with tax-deferred annuity plans, Retirement Plus plans and deferred compensation plans since August 28, 1992.

*Qualified VII*

Certain existing Contracts that were converted to ACES, an administrative system (previously valued under Qualified I).

*Qualified VIII*

Group AetnaPlus Contracts issued in connection with Tax-Deferred Annuity Plans and Deferred Compensation Plans adopted by state and local governments since June 30, 1993.

*Qualified IX*

Certain large group Contracts (Jumbo) that were converted to ACES, an administrative system (previously valued under Qualified VI).

*Qualified X*

Individual retirement annuity and Simplified Employee Pension ("SEP") plans issued or converted to ACES, an administrative system.

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

---

*Qualified XI*

Certain large group Contracts issued in connection with deferred compensation plans adopted by state and local governments since January 1996.

*Qualified XII*

Group Retirement Plus and Voluntary TDA Contracts issued since 1996 in connection with plans established pursuant to Section 403(b) or 401(a) of the Internal Revenue Code, shown separately by applicable daily charge; and Contracts issued since October 1, 1996 in connection with optional retirement plans established pursuant to Section 403(b) or 403(a) of the Internal Revenue Code.

*Qualified XV*

Certain existing Contracts issued in connection with deferred compensation plans issued through product exchange on December 16, 1996 (previously valued under Qualified VI), and new Contracts issued after that date in connection with certain deferred compensation plans.

*Qualified XVI*

Group AetnaPlus Contracts assessing an administrative expense charge effective April 7, 1997 issued in connection with tax-deferred annuity plans, Retirement Plus plans and deferred compensation plans.

*Qualified XVII*

Group AetnaPlus Contracts containing contractual limits on fees issued in connection with tax-deferred annuity plans and deferred compensation plans, which resulted in reduced daily charges for certain funding options effective May 29, 1997.

*Qualified XVIII*

Individual retirement annuity and SEP plan Contracts containing contractual limits on fees, which resulted in reduced daily charges for certain funding options effective May 29, 1997.

*Qualified XIX*

Group Corporate 401 Contracts containing contractual limits on fees, which resulted in reduced daily charges for certain funding options effective May 29, 1997.

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

---

*Qualified XX*

Group HR 10 Contracts containing contractual limits on fees, which resulted in reduced daily charges for certain funding options effective May 29, 1997.

*Qualified XXI*

Certain existing Contracts issued in connection with deferred compensation plans having Contract modifications effective May 20, 1999.

*Qualified XXII*

Certain existing Contracts issued in connection with deferred compensation plans having Contract modifications effective May 20, 1999.

*Qualified XXIV*

Group Contract issued in connection with optional retirement plans having Contract modifications effective July 2000 to lower mortality and expense fee.

*Qualified XXV*

Group Contract issued in connection with Aetna Government Custom Choice plans having Contract modifications effective October 2000 to lower mortality and expense fee.

*Qualified XXVI*

Group Contract issued in connection with Aetna Government Custom Choice plans having Contract modifications effective October 2000 to lower mortality and expense fee.

*Qualified XXVII*

Group Contract issued in connection with tax deferred annuity plans having Contract modifications effective February 2000 to lower mortality and expense fee.

*Qualified XXVIII*

Group Contract issued in connection with optional retirement plans having Contract modifications effective February 2000 to lower mortality and expense fee.

**ING LIFE INSURANCE AND ANNUITY COMPANY  
VARIABLE ANNUITY ACCOUNT C**

**Notes to Financial Statements**

---

*Qualified XXIX*

Individual Contracts issued in connection with tax-deferred annuity plans and individual retirement annuity plans since May 1, 1975, H.R. 10 Plans since November 1, 1975; group Contracts issued since October 1, 1978 in connection with tax-deferred annuity plans and group Contracts issued since May 1, 1979 in connection with deferred compensation plans adopted by state and local governments and H.R. 10 Plans.

*Qualified XXX*

Individual Contracts issued in connection with tax-deferred annuity plans and individual retirement annuity plans since May 1, 1975, H.R. 10 Plans since November 1, 1975; group Contracts issued since October 1, 1978 in connection with tax-deferred annuity plans and group Contracts issued since May 1, 1979 in connection with deferred compensation plans adopted by state and local governments and H.R. 10 Plans.

*Qualified XXXI*

Group Contract issued in connection with the San Bernadino 457F Plan at a zero basis point charge, effective in 2004.

*Qualified XXXII*

Individual Contracts issued in connection with the 1992/1994 Pension IRA at 125 basis points, effective in 2004.

*Qualified XXXIII*

Group Contract issued in connection with Multiple Sponsored Retirement Options product at 0.40 and 0.65 basis points.

*Qualified XXXIV*

Group Contract issued in connection with ING Custom Choice plans at 60 basis points.

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

**9. Financial Highlights**

A summary of unit values and units outstanding for variable annuity Contracts, expense ratios, excluding expenses of underlying funds, investment income ratios, and total return for the years ended December 31, 2004, 2003, 2002 and 2001, along with units outstanding and unit values for the year ended December 31, 2000, follows:

Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
				Income Ratio <sup>A</sup>			
AIM Health Sciences							
2004	2	\$10.00	\$	21	(e) %	1.05%	(e)
2003	(e)	(e)		(e)	(e)	(e)	(e)
2002	(e)	(e)		(e)	(e)	(e)	(e)
2001	(e)	(e)		(e)	(e)	(e)	(e)
2000	(e)	(e)		(e)	(e)	(e)	(e)
AIM Mid Cap Core Equity							
2004	18	\$10.99 to \$11.08		196	(e)	0.65% to 1.60%	(e)
2003	(e)	(e)		(e)	(e)	(e)	(e)
2002	(e)	(e)		(e)	(e)	(e)	(e)
2001	(e)	(e)		(e)	(e)	(e)	(e)
2000	(e)	(e)		(e)	(e)	(e)	(e)
AIM Small Cap Growth							
2004	-	\$10.72		-	(e)	1.00%	(e)
2003	(e)	(e)		(e)	(e)	(e)	(e)
2002	(e)	(e)		(e)	(e)	(e)	(e)
2001	(e)	(e)		(e)	(e)	(e)	(e)
2000	(e)	(e)		(e)	(e)	(e)	(e)
AIM V.I. Capital Appreciation							
2004	2,282	\$5.77 to \$10.80		20,524	-	0.00% to 1.50%	4.97% to 14.62%
2003	2,409	\$5.47 to \$10.25		20,562	-	0.25% to 1.50%	27.54% to 29.11%
2002	2,288	\$4.26 to \$7.11		15,302	-	0.00% to 1.50%	-25.48% to -24.62%
2001	2,119	\$5.69 to \$9.39		19,027	7.37	0.00% to 1.75%	-24.43% to -23.55%
2000	1,839	\$7.50 to \$12.29		21,974	(a)	(a)	(a)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
					Income Ratio <sup>A</sup>			
AIM V.I. Core Equity								
2004		4,620	\$6.65 to \$11.18	\$ 38,313		0.91 %	0.00% to 1.50%	7.32% to 38.44%
2003		5,544	\$6.16 to \$10.37	42,522		1.00	0.25% to 1.50%	22.56% to 24.08%
2002		5,575	\$5.00 to \$6.54	34,728		0.33	0.00% to 1.50%	-16.84% to -15.71%
2001		5,919	\$5.99 to \$7.76	44,279		0.05	0.00% to 1.75%	-23.99% to -23.10%
2000		5,023	\$7.84 to \$10.04	48,981		(a)	(a)	(a)
AIM V.I. Growth								
2004		3,029	\$4.46 to \$11.06	17,595		-	0.00% to 1.50%	6.63% to 61.70%
2003		3,143	\$4.16 to \$10.35	17,055		-	0.25% to 1.50%	29.19% to 30.88%
2002		2,722	\$3.20 to \$4.38	11,403		-	0.25% to 1.50%	-32.00% to -31.21%
2001		2,533	\$4.69 to \$6.34	15,568		0.21	0.00% to 1.75%	-34.87% to -34.11%
2000		2,061	\$7.16 to \$9.62	19,441		(a)	(a)	(a)
AIM V.I. Premier Equity								
2004		2,627	\$6.44 to \$10.79	19,636		0.44	0.00% to 1.50%	4.26% to 22.18%
2003		2,956	\$6.15 to \$10.33	21,041		0.31	0.25% to 1.50%	23.17% to 24.71%
2002		2,777	\$4.97 to \$5.99	15,977		0.34	0.25% to 1.50%	-31.30% to -30.50%
2001		2,682	\$7.19 to \$8.58	22,335		2.33	0.00% to 1.75%	-13.87% to -12.88%
2000		1,903	\$8.32 to \$9.94	18,487		(a)	(a)	(a)
Alliance Bernstein Growth and Income Fund								
2004		2	\$10.75	22		(e)	0.95%	(e)
2003		(e)	(e)	(e)		(e)	(e)	(e)
2002		(e)	(e)	(e)		(e)	(e)	(e)
2001		(e)	(e)	(e)		(e)	(e)	(e)
2000		(e)	(e)	(e)		(e)	(e)	(e)
Alliance Bernstein Growth and Income Portfolio								
2004		4	\$11.23	50		(e)	1.25%	(e)
2003		(e)	(e)	(e)		(e)	(e)	(e)
2002		(e)	(e)	(e)		(e)	(e)	(e)
2001		(e)	(e)	(e)		(e)	(e)	(e)
2000		(e)	(e)	(e)		(e)	(e)	(e)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
					Income Ratio <sup>A</sup>	Income		
American Balanced Fund®								
2004		120	\$10.50 to \$10.61	\$ 1,269	(e) %		0.30% to 1.45%	(e)
2003		(e)	(e)	(e)	(e)		(e)	(e)
2002		(e)	(e)	(e)	(e)		(e)	(e)
2001		(e)	(e)	(e)	(e)		(e)	(e)
2000		(e)	(e)	(e)	(e)		(e)	(e)
American Century® Income & Growth								
2004		433	\$10.03 to \$30.91	4,389	1.83		1.00% to 1.10%	11.51% to 11.57%
2003		272	\$8.99 to \$27.72	2,491	1.48		1.00% to 1.10%	27.92% to 28.06%
2002		159	\$7.02 to \$21.67	1,152	1.30		1.00% to 1.10%	-20.84% to -20.40%
2001		62	\$8.82 to \$27.26	629	(b)		0.00% to 1.75%	(b)
2000		(b)	(b)	(b)	(b)		(b)	(b)
Ariel Appreciation								
2004		18	\$10.88 to \$10.94	192	(e)		0.85% to 1.40%	(e)
2003		(e)	(e)	(e)	(e)		(e)	(e)
2002		(e)	(e)	(e)	(e)		(e)	(e)
2001		(e)	(e)	(e)	(e)		(e)	(e)
2000		(e)	(e)	(e)	(e)		(e)	(e)
Ariel								
2004		13	\$11.66 to \$11.70	154	(e)		1.25% to 1.60%	(e)
2003		(e)	(e)	(e)	(e)		(e)	(e)
2002		(e)	(e)	(e)	(e)		(e)	(e)
2001		(e)	(e)	(e)	(e)		(e)	(e)
2000		(e)	(e)	(e)	(e)		(e)	(e)
Baron Asset								
2004		11	\$12.11 to \$12.18	135	(e)		0.60% to 1.25%	(e)
2003		(e)	(e)	(e)	(e)		(e)	(e)
2002		(e)	(e)	(e)	(e)		(e)	(e)
2001		(e)	(e)	(e)	(e)		(e)	(e)
2000		(e)	(e)	(e)	(e)		(e)	(e)



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
					Income Ratio <sup>A</sup>			
Baron Growth								
2004		32	\$12.01 to \$12.12	\$ 392	-	%	0.50% to 1.50%	0.00%
2003		-	\$12.91	-	(d)		0.00%	(d)
2002		(d)	(d)	(d)	(d)		(d)	(d)
2001		(d)	(d)	(d)	(d)		(d)	(d)
2000		(d)	(d)	(d)	(d)		(d)	(d)
Calvert Social Balanced								
2004		3,412	\$10.91 to \$29.27	66,170	1.71		0.00% to 1.50%	6.63% to 8.01%
2003		3,259	\$10.21 to \$27.31	60,576	1.94		0.25% to 1.50%	17.49% to 18.96%
2002		3,111	\$8.88 to \$23.11	49,766	2.70		0.00% to 1.50%	-13.46% to -12.46%
2001		3,120	\$10.23 to \$26.58	58,340	5.40		0.00% to 1.75%	-8.34% to -7.27%
2000		3,005	\$11.13 to \$28.86	63,262	(a)		(a)	(a)
EuroPacific Growth Fund® - Class R-3								
2004		48	\$11.47 to \$11.58	553	(e)		0.40% to 1.40%	(e)
2003		(e)	(e)	(e)	(e)		(e)	(e)
2002		(e)	(e)	(e)	(e)		(e)	(e)
2001		(e)	(e)	(e)	(e)		(e)	(e)
2000		(e)	(e)	(e)	(e)		(e)	(e)
EuroPacific Growth Fund® - Class R-4								
2004		1,426	\$11.43 to \$11.96	16,360	(e)		0.55% to 1.50%	(e)
2003		(e)	(e)	(e)	(e)		(e)	(e)
2002		(e)	(e)	(e)	(e)		(e)	(e)
2001		(e)	(e)	(e)	(e)		(e)	(e)
2000		(e)	(e)	(e)	(e)		(e)	(e)
Evergreen Special Values								
2004		2,610	\$11.56 to \$18.76	47,554	0.96		0.55% to 1.55%	18.85% to 18.90%
2003		1,118	\$15.33 to \$15.50	17,138	-		0.95% to 1.00%	34.00% to 34.08%
2002		819	\$11.44 to \$11.56	9,367	-		0.95% to 1.00%	-7.97% to -7.92%
2001		316	\$12.43 to \$12.56	3,926	(b)		0.00% to 1.75%	(b)
2000		(b)	(b)	(b)	(b)		(b)	(b)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Investment					Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)	
		Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Income Ratio <sup>A</sup>				
Fidelity® Advisor Mid Cap									
2004		37	\$11.31 to \$11.43	\$ 423	(e) %		0.35% to 1.50%	(e)	
2003		(e)	(e)	(e)	(e)		(e)	(e)	
2002		(e)	(e)	(e)	(e)		(e)	(e)	
2001		(e)	(e)	(e)	(e)		(e)	(e)	
2000		(e)	(e)	(e)	(e)		(e)	(e)	
Fidelity® VIP Contrafund®									
2004		32,399	\$11.31 to \$28.47	743,262	0.31		0.00% to 1.85%	13.73% to 15.24%	
2003		27,815	\$10.35 to \$24.91	564,372	0.40		0.25% to 1.50%	26.56% to 28.10%	
2002		23,810	\$10.26 to \$19.58	382,356	0.79		0.00% to 1.50%	-10.70% to -9.48%	
2001		20,685	\$11.40 to \$21.82	375,287	3.44		0.00% to 1.75%	-13.56% to -12.55%	
2000		19,961	\$11.84 to \$25.13	420,902	(a)		(a)	(a)	
Fidelity® VIP Equity-Income									
2004		21,024	\$10.84 to \$27.10	405,088	1.43		0.00% to 1.95%	9.88% to 11.29%	
2003		18,499	\$10.50 to \$24.58	327,820	1.56		0.25% to 1.50%	28.39% to 30.03%	
2002		16,267	\$8.79 to \$19.07	226,895	1.66		0.00% to 1.50%	-18.19% to -17.24%	
2001		13,666	\$10.66 to \$23.23	237,314	5.91		0.00% to 1.75%	-6.38% to -5.29%	
2000		10,367	\$11.30 to \$24.73	195,903	(a)		(a)	(a)	
Fidelity® VIP Growth									
2004		24,025	\$9.50 to \$24.16	377,338	0.26		0.00% to 1.65%	1.80% to 3.11%	
2003		24,544	\$9.27 to \$23.64	380,196	0.24		0.25% to 1.50%	30.83% to 32.47%	
2002		23,257	\$8.30 to \$18.00	277,744	0.25		0.00% to 1.50%	-31.15% to -30.35%	
2001		22,173	\$11.97 to \$26.05	388,351	7.04		0.00% to 1.75%	-18.89% to -17.94%	
2000		20,583	\$14.65 to \$32.00	448,872	(a)		(a)	(a)	
Fidelity® VIP High Income									
2004		568	\$8.98 to \$9.03	5,210	9.10		1.00% to 1.50%	8.40% to 8.45%	
2003		866	\$8.28 to \$8.33	7,292	5.36		1.00% to 1.50%	25.84% to 26.02%	
2002		529	\$6.58 to \$6.61	3,569	8.54		1.00% to 1.50%	2.31% to 2.41%	
2001		411	\$6.43 to \$6.45	2,694	12.33		0.75% to 1.50%	-12.83% to -	
2000		332	\$7.38 to \$7.39	2,450	(a)		(a)	12.67%	
								(a)	

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
				Income Ratio <sup>A</sup>	%		
Fidelity® VIP Asset Manager <sup>SM</sup>							
2004	1,116	\$18.11 to \$18.23	\$ 20,327	2.80	%	1.00% to 1.10%	4.32% to 4.47%
2003	1,246	\$17.36 to \$17.45	21,727	3.47		1.00% to 1.10%	16.67% to 16.80%
2002	1,221	\$14.88 to \$14.94	18,235	3.97		1.00% to 1.10%	-9.73% to -9.64%
2001	1,306	\$16.48 to \$16.54	21,589	5.70		1.05% to 1.25%	-5.29% to -5.10%
2000	1,362	\$17.41 to \$17.43	23,730	(a)		(a)	(a)
Fidelity® VIP Index 500							
2004	4,966	\$23.38 to \$23.53	116,763	1.24		1.00% to 1.10%	9.41% to 9.49%
2003	4,705	\$21.37 to \$21.49	101,046	1.34		1.00% to 1.10%	26.98% to 27.16%
2002	4,302	\$16.83 to \$16.90	72,668	1.32		1.00% to 1.10%	-23.10% to -23.32%
2001	4,378	\$21.89 to \$21.96	96,097	1.12		1.05% to 1.25%	-13.20% to -13.03%
2000	4,146	\$25.21 to \$25.25	104,650	(a)		(a)	(a)
Fidelity® VIP Overseas							
2004	3,036	\$8.33 to \$15.65	41,057	1.10		0.00% to 1.50%	11.91% to 27.00%
2003	2,508	\$7.40 to \$13.88	30,341	0.50		0.25% to 1.50%	41.20% to 43.00%
2002	1,719	\$5.21 to \$9.79	14,076	0.74		0.00% to 1.50%	-21.47% to -20.56%
2001	1,306	\$6.61 to \$12.42	14,766	13.21		0.00% to 1.75%	-22.35% to -21.44%
2000	1,232	\$8.47 to \$15.94	18,192	(a)		(a)	(a)
Franklin Small-Mid Cap Growth							
2004	6	\$10.84 to \$10.91	70	(e)		0.90% to 1.60%	(e)
2003	(e)	(e)	(e)	(e)		(e)	(e)
2002	(e)	(e)	(e)	(e)		(e)	(e)
2001	(e)	(e)	(e)	(e)		(e)	(e)
2000	(e)	(e)	(e)	(e)		(e)	(e)
Franklin Small Cap Value Securities							
2004	3,359	\$12.11 to \$16.33	50,132	0.13		0.00% to 1.65%	21.91% to 23.12%
2003	1,312	\$10.35 to \$13.33	15,883	0.19		0.55% to 1.50%	30.14% to 31.36%
2002	860	\$9.19 to \$9.32	7,951	0.55		0.55% to 1.50%	-10.62% to -10.12%
2001	13	\$10.28 to \$10.30	130	(b)		0.00% to 1.75%	(b)
2000	(b)	(b)	(b)	(b)		(b)	(b)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>a</sup>	Expense Ratio <sup>b</sup> (lowest to highest)	Total Return <sup>c</sup> (lowest to highest)
The Growth Fund of America® - Class R-3							
2004		122	\$10.74 to \$10.86	\$ 1,320	(e) %	0.30% to 1.45%	(e)
2003		(e)	(e)	(e)	(e)	(e)	(e)
2002		(e)	(e)	(e)	(e)	(e)	(e)
2001		(e)	(e)	(e)	(e)	(e)	(e)
2000		(e)	(e)	(e)	(e)	(e)	(e)
The Growth Fund of America® - Class R-4							
2004		4,738	\$10.80 to \$11.14	51,341	(e)	0.45% to 1.50%	(e)
2003		(e)	(e)	(e)	(e)	(e)	(e)
2002		(e)	(e)	(e)	(e)	(e)	(e)
2001		(e)	(e)	(e)	(e)	(e)	(e)
2000		(e)	(e)	(e)	(e)	(e)	(e)
The Income Fund of America® - Class R-3							
2004		10	\$10.97 to \$11.08	110	(e)	0.30% to 1.40%	(e)
2003		(e)	(e)	(e)	(e)	(e)	(e)
2002		(e)	(e)	(e)	(e)	(e)	(e)
2001		(e)	(e)	(e)	(e)	(e)	(e)
2000		(e)	(e)	(e)	(e)	(e)	(e)
ING GET Fund - Series H							
2004		1,283	\$10.02 to \$11.03	13,499	4.66	0.25% to 1.75%	-0.19% to 1.12%
2003		1,765	\$10.03 to \$10.91	18,535	4.10	0.50% to 1.75%	1.37% to 2.73%
2002		2,251	\$10.23 to \$10.62	23,282	3.60	0.25% to 1.75%	2.95% to 3.93%
2001		2,578	\$9.93 to \$10.17	25,808	0.47	0.25% to 1.75%	-1.09% to 0.08%
2000		2,894	\$9.87 to \$10.16	29,176	(a)	(a)	(a)
ING GET Fund - Series I							
2004		75	\$9.96 to \$10.23	770	3.87	1.75%	-0.60% to -0.58%
2003		106	\$10.02 to \$10.29	1,092	3.42	1.75%	1.38%
2002		117	\$10.15	1,190	3.54	1.75%	3.52%
2001		128	\$9.80	1,252	0.24	1.75%	-0.60%
2000		138	\$9.86	1,364	(a)	(a)	(a)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

Division		Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>A</sup>	Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
ING GET Fund - Series J							
	2004	35	\$9.95 to \$10.11	\$ 351	4.61 %	1.75%	-0.70% to -0.69%
	2003	38	\$10.02 to \$10.18	386	3.59	1.75%	0.79%
	2002	39	\$10.10	394	3.47	1.75%	4.23%
	2001	39	\$9.69	381	0.16	1.75%	-0.46%
	2000	47	\$9.73	457	(a)	(a)	(a)
ING GET Fund - Series K							
	2004	131	\$9.90 to \$10.32	1,349	3.63	1.25% to 1.75%	-1.17% to -0.58%
	2003	167	\$10.01 to \$10.38	1,736	3.07	1.25% to 1.75%	0.59% to 1.07%
	2002	200	\$10.17 to \$10.27	2,048	2.74	1.25% to 1.75%	3.90% to 4.41%
	2001	231	\$9.79 to \$9.84	2,275	-	1.30% to 1.75%	-2.52% to -2.09%
	2000	285	\$10.04 to \$10.05	2,863	(a)	(a)	(a)
ING GET Fund - Series L							
	2004	68	\$10.27	696	4.24	1.25%	-0.68%
	2003	101	\$10.34	1,049	3.76	1.25%	2.17%
	2002	117	\$10.12	1,187	0.05	1.25%	1.41%
	2001	131	\$9.98	1,305	4.60	1.30%	-0.36%
	2000	2	\$10.02	16	(a)	(a)	(a)
ING GET Fund - Series Q							
	2004	364	\$10.57	3,849	3.64	1.25%	0.67%
	2003	418	\$10.50	4,385	-	1.25%	3.86%
	2002	498	\$10.11	5,031	2.28	1.25%	(c)
	2001	364	\$10.00	3,642	(b)	1.05%	(b)
	2000	(b)	(b)	(b)	(b)	(b)	(b)
ING GET Fund - Series S							
	2004	2,247	\$10.18 to \$10.89	23,958	2.65	0.50% to 1.75%	0.86% to 2.16%
	2003	3,106	\$10.09 to \$10.69	32,661	0.10	0.50% to 1.75%	4.08% to 5.34%
	2002	4,624	\$10.04 to \$10.11	46,558	(c)	0.25% to 1.75%	(c)
	2001	(c)	(c)	(c)	(c)	(c)	(c)
	2000	(c)	(c)	(c)	(c)	(c)	(c)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
					Income Ratio <sup>A</sup>			
ING VP Balanced								
2004		30,971	\$11.05 to \$34.36	\$ 692,148		1.99 %	0.00% to 1.50%	7.78% to 9.12%
2003		31,363	\$10.22 to \$31.70	659,370		1.96	0.25% to 1.50%	17.10% to 18.62%
2002		32,476	\$10.03 to \$26.92	597,925		1.06	0.00% to 1.50%	-11.64% to -10.62%
2001		36,765	\$11.27 to \$30.30	768,043		5.73	0.00% to 1.75%	-5.66% to -4.54%
2000		38,718	\$11.85 to \$31.93	875,436		(a)	(a)	(a)
ING VP Emerging Markets								
2004		1,038	\$10.10 to \$10.13	10,509		0.84	1.00%	20.45% to 20.53%
2003		973	\$8.38 to \$8.41	8,172		-	1.00%	45.74% to 45.75%
2002		871	\$5.75 to \$5.77	5,020		-	1.00%	-10.24% to -10.23%
2001		859	\$6.41 to \$6.43	5,519		20.84	1.00% to 1.25%	-11.54% to -11.37%
2000		878	\$7.24 to \$7.25	6,367		(a)	(a)	(a)
ING VP Intermediate Bond								
2004		20,579	\$10.21 to \$74.70	407,745		1.50	0.00% to 1.95%	3.31% to 4.59%
2003		20,885	\$10.04 to \$71.97	408,185		1.72	0.25% to 1.50%	4.71% to 6.06%
2002		24,208	\$13.07 to \$68.41	458,178		3.22	0.00% to 1.50%	6.72% to 7.96%
2001		23,313	\$12.15 to \$63.81	409,596		6.40	0.00% to 1.75%	7.12% to 8.37%
2000		17,978	\$11.26 to \$59.29	301,919		(a)	(a)	(a)
ING VP Money Market								
2004		14,934	\$9.98 to \$50.07	216,952		1.09	0.00% to 1.50%	-0.49% to 0.76%
2003		17,666	\$10.00 to \$49.72	257,477		1.79	0.25% to 1.50%	-0.61% to .66%
2002		23,887	\$11.78 to \$49.45	368,846		3.78	0.00% to 1.50%	0.11% to 1.27%
2001		24,401	\$11.68 to \$48.83	374,569		5.45	0.00% to 1.75%	2.38% to 3.62%
2000		21,736	\$11.32 to \$47.51	322,714		(a)	(a)	(a)
ING VP Natural Resources								
2004		1,267	\$12.03 to \$19.55	20,790		0.82	0.00% to 1.50%	11.01% to 30.41%
2003		940	\$10.76 to \$17.40	13,971		-	0.25% to 1.50%	28.54% to 30.12%
2002		1,022	\$8.30 to \$13.46	11,897		0.18	0.00% to 1.50%	-3.56% to -2.54%
2001		1,061	\$8.54 to \$13.82	12,751		-	0.00% to 1.75%	-17.19% to -16.23%
2000		1,140	\$10.24 to \$16.64	16,696		(a)	(a)	(a)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>a</sup>	Expense Ratio <sup>b</sup> (lowest to highest)	Total Return <sup>c</sup> (lowest to highest)
ING Julius Baer Foreign						
2004	122	\$11.66 to \$12.27	\$ 1,428	(e) %	0.70% to 1.50%	(e)
2003	(e)	(e)	(e)	(e)	(e)	(e)
2002	(e)	(e)	(e)	(e)	(e)	(e)
2001	(e)	(e)	(e)	(e)	(e)	(e)
2000	(e)	(e)	(e)	(e)	(e)	(e)
ING MFS Total Return						
2004	2,236	\$10.84 to \$13.30	29,119	2.74	0.55% to 1.50%	9.45% to 10.56%
2003	701	\$11.28 to \$12.03	8,289	(d)	0.55% to 1.50%	(d)
2002	(d)	(d)	(d)	(d)	(d)	(d)
2001	(d)	(d)	(d)	(d)	(d)	(d)
2000	(d)	(d)	(d)	(d)	(d)	(d)
ING T. Rowe Price Equity Income						
2004	2,052	\$11.13 to \$14.87	30,123	1.48	0.50% to 1.55%	13.15% to 14.30%
2003	166	\$12.20 to \$13.01	2,143	(d)	0.55% to 1.50%	(d)
2002	(d)	(d)	(d)	(d)	(d)	(d)
2001	(d)	(d)	(d)	(d)	(d)	(d)
2000	(d)	(d)	(d)	(d)	(d)	(d)
ING Aeltus Enhanced Index						
2004	179	\$8.41 to \$11.01	1,536	0.68	0.60% to 1.50%	8.35% to 9.36%
2003	101	\$7.76 to \$10.13	800	0.65	0.60% to 1.50%	25.57% to 26.56%
2002	19	\$6.18 to \$8.04	126	(c)	0.60% to 1.50%	(c)
2001	(c)	(c)	(c)	(c)	(c)	(c)
2000	(c)	(c)	(c)	(c)	(c)	(c)
ING American Century Select						
2004	230	\$8.84 to \$9.95	2,070	-	0.40% to 1.50%	3.15% to 4.31%
2003	253	\$8.57 to \$10.38	2,194	-	0.40% to 1.50%	32.25% to 33.38%
2002	39	\$6.48 to \$6.85	255	(c)	0.75% to 1.50%	(c)
2001	(c)	(c)	(c)	(c)	(c)	(c)
2000	(c)	(c)	(c)	(c)	(c)	(c)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>a</sup>	Expense Ratio <sup>b</sup> (lowest to highest)	Total Return <sup>c</sup> (lowest to highest)
ING American Century Small Cap Value							
2004		1,961	\$11.64 to \$13.29	\$ 25,577	0.04 %	0.00% to 1.50%	19.50% to 20.75%
2003		582	\$10.77 to \$10.94	6,307	0.17	0.55% to 1.50%	33.46% to 34.73%
2002		227	\$8.07 to \$8.12	1,834	(c)	0.55% to 1.50%	(c)
2001		(c)	(c)	(c)	(c)	(c)	(c)
2000		(c)	(c)	(c)	(c)	(c)	(c)
ING Baron Small Cap Growth							
2004		3,951	\$12.10 to \$16.51	58,317	-	0.00% to 1.50%	26.05% to 27.38%
2003		1,313	\$10.23 to \$13.03	15,257	-	0.40% to 1.50%	31.49% to 32.65%
2002		372	\$8.67 to \$8.73	3,239	(c)	0.55% to 1.50%	(c)
2001		(c)	(c)	(c)	(c)	(c)	(c)
2000		(c)	(c)	(c)	(c)	(c)	(c)
ING Goldman Sachs® Capital Growth							
2004		138	\$9.96 to \$11.06	1,490	0.09	0.60% to 1.50%	7.17% to 8.11%
2003		83	\$9.27 to \$10.37	827	-	0.60% to 1.50%	21.72% to 22.96%
2002		43	\$7.59 to \$8.32	347	(c)	0.60% to 1.50%	(c)
2001		(c)	(c)	(c)	(c)	(c)	(c)
2000		(c)	(c)	(c)	(c)	(c)	(c)
ING JPMorgan International							
2004		7,709	\$10.97 to \$22.92	138,552	1.10	0.00% to 1.50%	17.11% to 18.98%
2003		8,116	\$9.30 to \$19.47	126,504	0.98	0.25% to 1.50%	27.52% to 29.04%
2002		8,676	\$7.24 to \$15.19	107,839	0.62	0.00% to 1.50%	-19.30% to -18.37%
2001		9,398	\$8.90 to \$18.73	145,566	23.69	0.00% to 1.75%	-28.02% to -27.18%
2000		10,064	\$12.27 to \$25.91	219,543	(a)	(a)	(a)
ING JPMorgan Mid Cap Value							
2004		1,022	\$11.71 to \$14.33	14,426	0.22	0.00% to 1.50%	18.76% to 20.12%
2003		339	\$10.24 to \$11.93	3,999	0.44	0.45% to 1.50%	28.20% to 29.21%
2002		113	\$9.15 to \$9.21	1,038	(c)	0.60% to 1.50%	(c)
2001		(c)	(c)	(c)	(c)	(c)	(c)
2000		(c)	(c)	(c)	(c)	(c)	(c)



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
				Income Ratio <sup>A</sup>			
ING MFS Capital Opportunities							
2004	7,187	\$9.80 to \$29.32	\$ 143,585	0.44	%	0.00% to 1.50%	11.16% to 12.65%
2003	8,274	\$8.73 to \$26.23	151,497	0.19		0.25% to 1.50%	26.12% to 27.71%
2002	8,811	\$7.36 to \$20.69	129,150	-		0.00% to 1.50%	-31.20% to -30.41%
2001	9,985	\$10.67 to \$29.93	216,006	18.63		0.00% to 1.75%	-25.88% to -25.02%
2000	9,596	\$14.36 to \$40.20	291,499	(a)		(a)	(a)
ING OpCap Balanced Value							
2004	1,519	\$11.21 to \$13.80	20,474	1.09		0.55% to 1.50%	8.60% to 9.70%
2003	752	\$10.29 to \$12.58	9,183	1.63		0.55% to 1.50%	28.44% to 29.44%
2002	59	\$8.00 to \$9.69	515	(c)		0.70% to 1.50%	(c)
2001	(c)	(c)	(c)	(c)		(c)	(c)
2000	(c)	(c)	(c)	(c)		(c)	(c)
ING Oppenheimer Global Portfolio							
2004	182	\$12.22 to \$12.52	2,264	-		0.60% to 1.50%	13.36% to 14.26%
2003	119	\$10.78 to \$10.94	1,294	-		0.65% to 1.50%	29.96% to 30.90%
2002	24	\$8.30 to \$8.35	202	(c)		0.70% to 1.50%	(c)
2001	(c)	(c)	(c)	(c)		(c)	(c)
2000	(c)	(c)	(c)	(c)		(c)	(c)
ING PIMCO Total Return							
2004	3,872	\$10.21 to \$11.64	43,692	-		0.40% to 1.50%	2.73% to 3.93%
2003	2,845	\$10.02 to \$11.20	31,227	3.56		0.40% to 1.50%	2.52% to 3.44%
2002	1,518	\$10.70 to \$10.77	16,279	(c)		0.55% to 1.50%	(c)
2001	(c)	(c)	(c)	(c)		(c)	(c)
2000	(c)	(c)	(c)	(c)		(c)	(c)
ING Salomon Brothers Aggressive Growth - Initial Class							
2004	19,676	\$8.28 to \$14.64	228,353	-		0.00% to 1.50%	7.99% to 26.50%
2003	22,307	\$7.60 to \$13.51	239,784	-		0.25% to 1.50%	36.05% to 37.92%
2002	21,979	\$5.54 to \$9.90	175,927	-		0.00% to 1.50%	-36.27% to -35.53%
2001	24,305	\$8.63 to \$15.50	305,237	6.20		0.00% to 1.75%	-26.33% to -25.47%
2000	24,658	\$11.63 to \$20.98	425,188	*		*	*

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>a</sup>	Expense Ratio <sup>b</sup> (lowest to highest)	Total Return <sup>c</sup> (lowest to highest)
ING Salomon Brothers Aggressive Growth - Service Class							
2004		2	\$10.32	\$ 16	(e) %	0.70%	(e)
2003		(e)	(e)	(e)	(e)	(e)	(e)
2002		(e)	(e)	(e)	(e)	(e)	(e)
2001		(e)	(e)	(e)	(e)	(e)	(e)
2000		(e)	(e)	(e)	(e)	(e)	(e)
ING Salomon Brothers Fundamental Value							
2004		602	\$11.12 to \$18.10	10,359	-	0.55% to 1.50%	6.81% to 7.87%
2003		578	\$10.39 to \$16.78	9,414	1.39	0.55% to 1.50%	38.62% to 39.78%
2002		23	\$7.48 to \$11.99	244	(c)	0.60% to 1.50%	(c)
2001		(c)	(c)	(c)	(c)	(c)	(c)
2000		(c)	(c)	(c)	(c)	(c)	(c)
ING Salomon Brothers Investors Value							
2004		427	\$10.74 to \$14.14	5,760	0.92	0.55% to 1.50%	8.37% to 9.44%
2003		321	\$9.88 to \$12.92	4,019	0.69	0.55% to 1.50%	29.49% to 30.54%
2002		67	\$7.62 to \$9.89	635	(c)	0.60% to 1.40%	(c)
2001		(c)	(c)	(c)	(c)	(c)	(c)
2000		(c)	(c)	(c)	(c)	(c)	(c)
ING T. Rowe Price Diversified Mid Cap Growth - Service Class							
2004		1,207	\$7.62 to \$11.27	9,594	-	0.45% to 1.50%	6.87% to 8.09%
2003		1,287	\$7.13 to \$10.49	9,420	-	0.45% to 1.50%	42.51% to 43.68%
2002		166	\$5.00 to \$7.32	902	(c)	0.60% to 1.50%	(c)
2001		(c)	(c)	(c)	(c)	(c)	(c)
2000		(c)	(c)	(c)	(c)	(c)	(c)
ING T. Rowe Price Growth Equity - Initial Class							
2004		14,985	\$11.28 to \$23.81	291,385	0.16	0.00% to 1.50%	8.36% to 10.00%
2003		13,740	\$10.37 to \$21.86	246,603	0.15	0.00% to 1.50%	28.96% to 30.55%
2002		12,185	\$9.02 to \$16.86	169,889	0.19	0.00% to 1.50%	-24.44% to -23.64%
2001		12,122	\$11.85 to \$22.20	223,753	15.67	0.00% to 1.75%	-11.56% to -10.53%
2000		11,636	\$13.30 to \$24.99	244,865	(a)	(a)	(a)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
					Income Ratio <sup>A</sup>	%		
ING T. Rowe Price Growth Equity - Service Class								
2004		20	\$10.64 to \$12.16	\$ 219	(e)	%	0.40% to 1.30%	(e)
2003		(e)	(e)	(e)	(e)	(e)	(e)	(e)
2002		(e)	(e)	(e)	(e)	(e)	(e)	(e)
2001		(e)	(e)	(e)	(e)	(e)	(e)	(e)
2000		(e)	(e)	(e)	(e)	(e)	(e)	(e)
ING UBS U.S. Large Cap Equity								
2004		10,068	\$9.67 to \$16.40	135,468	0.78		0.00% to 1.50%	13.00% to 15.41%
2003		10,747	\$8.55 to \$14.33	128,075	0.58		0.25% to 1.50%	23.02% to 24.66%
2002		11,666	\$6.95 to \$11.58	114,492	0.20		0.00% to 1.50%	-26.01% to -25.15%
2001		12,954	\$9.39 to \$15.50	172,262	20.46		0.00% to 1.75%	-22.07% to -21.20%
2000		13,514	\$12.05 to \$19.72	234,529	(a)	(a)	(a)	(a)
ING Van Kampen Comstock								
2004		5,605	\$11.21 to \$14.42	71,730	-		0.40% to 1.95%	15.01% to 16.27%
2003		2,951	\$10.46 to \$12.47	32,018	0.89		0.40% to 1.50%	27.74% to 28.90%
2002		983	\$8.29 to \$8.35	8,175	(c)	(c)	0.55% to 1.50%	(c)
2001		(c)	(c)	(c)	(c)	(c)	(c)	(c)
2000		(c)	(c)	(c)	(c)	(c)	(c)	(c)
ING Van Kampen Equity and Income								
2004		105	\$10.44 to \$33.04	2,372	0.37		0.55% to 1.50%	8.97% to 9.99%
2003		50	\$9.55 to \$30.04	911	0.14		0.55% to 1.50%	25.13% to 26.26%
2002		42	\$7.61 to \$23.76	474	(c)	(c)	0.60% to 1.50%	(c)
2001		(c)	(c)	(c)	(c)	(c)	(c)	(c)
2000		(c)	(c)	(c)	(c)	(c)	(c)	(c)
ING VP Strategic Allocation Balanced								
2004		4,481	\$10.67 to \$18.08	70,666	1.25		0.00% to 1.55%	8.56% to 9.97%
2003		4,016	\$10.24 to \$16.55	58,446	1.48		0.25% to 1.50%	17.67% to 19.12%
2002		3,907	\$8.84 to \$13.98	47,846	2.59		0.00% to 1.50%	-10.89% to -9.85%
2001		4,144	\$9.85 to \$15.59	57,038	2.54		0.00% to 1.75%	-8.39% to -7.32%
2000		4,127	\$10.67 to \$16.92	62,530	(a)	(a)	(a)	(a)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
					Income Ratio <sup>A</sup>	Income		
ING VP Strategic Allocation Growth								
2004		5,143	\$10.83 to \$18.78	\$ 81,653		1.05 %	0.00% to 1.55%	10.31% to 14.79%
2003		4,838	\$9.86 to \$16.92	69,833		0.88	0.25% to 1.50%	22.46% to 23.96%
2002		4,739	\$7.99 to \$13.73	56,046		1.75	0.00% to 1.50%	-15.04% to -14.06%
2001		4,817	\$9.34 to \$16.07	67,010		1.60	0.00% to 1.75%	-12.87% to -11.85%
2000		4,801	\$10.63 to \$18.33	77,057		(a)	(a)	(a)
ING VP Strategic Allocation Income								
2004		2,282	\$10.48 to \$17.77	36,460		1.81	0.00% to 1.55%	6.38% to 7.76%
2003		2,238	\$10.18 to \$16.50	33,837		2.30	0.25% to 1.50%	11.92% to 13.28%
2002		2,347	\$10.23 to \$14.66	31,610		3.44	0.00% to 1.50%	-5.77% to -4.68%
2001		2,600	\$10.77 to \$15.41	37,096		4.35	0.00% to 1.75%	-3.84% to -2.71%
2000		2,622	\$11.12 to \$15.89	39,124		(a)	(a)	(a)
ING Financial Services								
2004		1	\$10.87	9		(e)	0.50%	(e)
2003		(e)	(e)	(e)		(e)	(e)	(e)
2002		(e)	(e)	(e)		(e)	(e)	(e)
2001		(e)	(e)	(e)		(e)	(e)	(e)
2000		(e)	(e)	(e)		(e)	(e)	(e)
ING VP Growth and Income								
2004		108,588	\$8.47 to \$267.99	2,182,323		2.32	0.00% to 1.50%	6.78% to 21.16%
2003		121,775	\$7.87 to \$249.58	2,310,967		-	0.25% to 1.50%	24.14% to 25.78%
2002		139,292	\$6.29 to \$199.83	2,141,418		0.84	0.00% to 1.50%	-26.11% to -25.25%
2001		162,099	\$8.45 to \$268.94	3,399,498		0.60	0.00% to 1.75%	-19.62% to -18.68%
2000		178,363	\$10.44 to \$332.72	4,739,548		(a)	(a)	(a)
ING GET US Core - Series 1								
2004		212	\$10.51	2,224		0.70	1.25%	2.24%
2003		231	\$10.28	2,378		(d)	1.25%	(d)
2002		(d)	(d)	(d)		(d)	(d)	(d)
2001		(d)	(d)	(d)		(d)	(d)	(d)
2000		(d)	(d)	(d)		(d)	(d)	(d)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>A</sup>	Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
ING GET US Core - Series 2							
2004		1,821	\$10.23 to \$10.31	\$ 18,726	0.11 %	1.00% to 1.65%	1.99% to 2.59%
2003		2,055	\$10.03 to \$10.05	20,639	(d)	1.05% to 1.65%	(d)
2002		(d)	(d)	(d)	(d)	(d)	(d)
2001		(d)	(d)	(d)	(d)	(d)	(d)
2000		(d)	(d)	(d)	(d)	(d)	(d)
ING GET US Core - Series 3							
2004		5,300	\$9.95 to \$10.02	52,924	0.00	1.00% to 1.75%	-0.40% to 0.20%
2003		21	\$9.99 to \$10.00	207	(d)	0.80% to 1.25%	(d)
2002		(d)	(d)	(d)	(d)	(d)	(d)
2001		(d)	(d)	(d)	(d)	(d)	(d)
2000		(d)	(d)	(d)	(d)	(d)	(d)
ING GET US Core - Series 5							
2004		66	\$10.47	696	(e)	1.75%	(e)
2003		(e)	(e)	(e)	(e)	(e)	(e)
2002		(e)	(e)	(e)	(e)	(e)	(e)
2001		(e)	(e)	(e)	(e)	(e)	(e)
2000		(e)	(e)	(e)	(e)	(e)	(e)
ING GET US Core - Series 6							
2004		556	\$10.08	5,605	(e)	1.75%	(e)
2003		(e)	(e)	(e)	(e)	(e)	(e)
2002		(e)	(e)	(e)	(e)	(e)	(e)
2001		(e)	(e)	(e)	(e)	(e)	(e)
2000		(e)	(e)	(e)	(e)	(e)	(e)
ING GET US Core - Series 7							
2004		402	\$10.00	4,017	(e)	1.00% to 1.25%	(e)
2003		(e)	(e)	(e)	(e)	(e)	(e)
2002		(e)	(e)	(e)	(e)	(e)	(e)
2001		(e)	(e)	(e)	(e)	(e)	(e)
2000		(e)	(e)	(e)	(e)	(e)	(e)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>a</sup>	Expense Ratio <sup>b</sup> (lowest to highest)	Total Return <sup>c</sup> (lowest to highest)
ING GNMA Income							
	2004	40	\$10.10 to \$10.20	\$ 404	(e) %	0.30% to 1.45%	(e)
	2003	(e)	(e)	(e)	(e)	(e)	(e)
	2002	(e)	(e)	(e)	(e)	(e)	(e)
	2001	(e)	(e)	(e)	(e)	(e)	(e)
	2000	(e)	(e)	(e)	(e)	(e)	(e)
ING Intermediate Bond							
	2004	52	\$10.20 to \$10.29	535	(e)	0.40% to 1.40%	(e)
	2003	(e)	(e)	(e)	(e)	(e)	(e)
	2002	(e)	(e)	(e)	(e)	(e)	(e)
	2001	(e)	(e)	(e)	(e)	(e)	(e)
	2000	(e)	(e)	(e)	(e)	(e)	(e)
ING VP Global Science and Technology							
	2004	11,027	\$3.56 to \$10.00	40,737	-	0.00% to 1.50%	-2.73% to 132.01%
	2003	12,668	\$3.64 to \$10.26	47,295	-	0.25% to 1.50%	43.36% to 45.25%
	2002	8,904	\$2.53 to \$2.64	23,001	-	0.00% to 1.50%	-42.16% to -41.49%
	2001	7,145	\$4.35 to \$4.50	31,754	-	0.00% to 1.75%	-24.13% to -23.22%
	2000	4,262	\$5.71 to \$5.87	24,855	(a)	(a)	(a)
ING VP Growth							
	2004	6,937	\$5.37 to \$15.14	89,883	0.12	0.00% to 1.50%	5.63% to 6.92%
	2003	7,779	\$5.06 to \$14.18	95,972	-	0.25% to 1.50%	28.43% to 30.14%
	2002	7,963	\$3.92 to \$10.79	76,539	-	0.00% to 1.50%	-30.00% to -29.19%
	2001	8,753	\$5.57 to \$15.43	120,765	11.29	0.00% to 1.75%	-28.16% to -27.32%
	2000	8,901	\$7.72 to \$21.24	171,159	(a)	(a)	(a)
ING VP Index Plus LargeCap							
	2004	32,461	\$10.67 to \$19.66	562,520	0.99	0.00% to 1.95%	8.92% to 10.32%
	2003	31,590	\$9.74 to \$17.85	503,421	1.04	0.25% to 1.50%	24.22% to 25.85%
	2002	29,577	\$8.36 to \$14.03	378,460	0.24	0.00% to 1.50%	-22.70% to -21.80%
	2001	27,743	\$10.73 to \$18.18	459,606	4.07	0.00% to 1.75%	-14.92% to -13.92%
	2000	25,137	\$12.52 to \$21.13	488,938	(a)	(a)	(a)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
					Income Ratio <sup>A</sup>			
ING VP Index Plus MidCap								
2004		18,764	\$11.22 to \$20.56	\$ 361,470		0.40 %	0.00% to 1.85%	14.85% to 16.29%
2003		14,056	\$10.18 to \$17.68	233,761		0.39	0.25% to 1.50%	30.49% to 32.14%
2002		11,364	\$12.33 to \$13.38	144,261		0.45	0.00% to 1.50%	-13.40% to -12.40%
2001		6,071	\$14.24 to \$15.20	88,491		5.86	0.00% to 1.75%	-2.80% to -1.67%
2000		3,705	\$14.65 to \$15.46	55,395		(a)	(a)	(a)
ING VP Index Plus SmallCap								
2004		10,466	\$11.68 to \$16.34	158,486		0.15	0.00% to 1.85%	20.22% to 21.76%
2003		7,540	\$10.20 to \$13.42	93,931		0.17	0.25% to 1.50%	34.15% to 35.83%
2002		5,909	\$8.96 to \$9.88	54,579		0.17	0.00% to 1.50%	-14.50% to -13.51%
2001		2,687	\$10.48 to \$11.37	28,860		4.91	0.00% to 1.75%	0.87% to 2.05%
2000		1,211	\$9.94 to \$11.14	12,843		(a)	(a)	(a)
ING VP International Equity								
2004		1,509	\$6.71 to \$12.18	14,340		1.20	0.00% to 1.50%	15.42% to 32.77%
2003		1,451	\$5.79 to \$10.52	11,933		1.01	0.25% to 1.50%	30.10% to 31.82%
2002		1,316	\$4.43 to \$6.40	8,248		0.22	0.00% to 1.50%	-27.77% to -26.93%
2001		1,269	\$6.10 to \$8.79	10,978		0.11	0.00% to 1.75%	-25.02% to -24.14%
2000		1,117	\$8.09 to \$11.62	12,949		(a)	(a)	(a)
ING VP Small Company								
2004		9,070	\$11.02 to \$23.47	175,779		0.28	0.00% to 1.50%	12.69% to 14.09%
2003		9,733	\$9.73 to \$20.60	167,432		0.25	0.25% to 1.50%	35.44% to 37.18%
2002		9,115	\$7.15 to \$14.86	115,085		0.48	0.00% to 1.50%	-24.37% to -23.50%
2001		7,976	\$9.41 to \$19.68	134,200		3.51	0.00% to 1.75%	2.44% to 3.64%
2000		6,314	\$9.15 to \$19.00	104,712		(a)	(a)	(a)
ING VP Value Opportunity								
2004		6,985	\$9.66 to \$18.79	110,369		0.80	0.00% to 1.50%	8.48% to 9.86%
2003		8,963	\$8.85 to \$17.11	133,176		0.77	0.25% to 1.50%	22.79% to 24.30%
2002		9,633	\$9.09 to \$13.82	115,345		0.46	0.00% to 1.50%	-27.07% to -26.22%
2001		7,322	\$12.37 to \$18.98	118,660		4.66	0.00% to 1.75%	-10.97% to -9.93%
2000		3,530	\$13.79 to \$20.91	63,066		(a)	(a)	(a)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
					Income Ratio <sup>A</sup>			
ING VP Financial Services								
2004		17	\$11.12 to \$11.44	\$ 194	(e) %		0.75% to 1.25%	(e)
2003		(e)	(e)	(e)	(e)		(e)	(e)
2002		(e)	(e)	(e)	(e)		(e)	(e)
2001		(e)	(e)	(e)	(e)		(e)	(e)
2000		(e)	(e)	(e)	(e)		(e)	(e)
ING VP International Value								
2004		4,834	\$11.49 to \$13.33	58,379	1.23		0.30% to 1.50%	15.63% to 16.94%
2003		3,157	\$10.17 to \$11.47	32,591	1.19		0.40% to 1.50%	27.92% to 29.37%
2002		1,603	\$7.95 to \$8.07	12,825	0.86		0.45% to 1.50%	-16.56% to -16.17%
2001		160	\$9.54 to \$9.56	1,529	(b)		0.00% to 1.75%	(b)
2000		(b)	(b)	(b)	(b)		(b)	(b)
ING VP MagnaCap								
2004		183	\$9.45 to \$9.68	1,748	1.63		0.60% to 1.50%	7.39% to 8.41%
2003		177	\$8.80 to \$8.93	1,571	1.04		0.60% to 1.50%	29.18% to 30.17%
2002		80	\$6.82 to \$6.86	544	(c)		0.60% to 1.40%	(c)
2001		(c)	(c)	(c)	(c)		(c)	(c)
2000		(c)	(c)	(c)	(c)		(c)	(c)
ING VP MidCap Opportunities								
2004		536	\$10.19 to \$11.43	5,546	-		0.55% to 1.50%	9.81% to 20.57%
2003		447	\$9.28 to \$9.50	4,191	-		0.55% to 1.50%	34.69% to 35.91%
2002		66	\$6.89 to \$6.99	457	-		0.55% to 1.50%	-26.79% to -26.57%
2001		3	\$9.45 to \$9.46	30	(b)		0.00% to 1.75%	(b)
2000		(b)	(b)	(b)	(b)		(b)	(b)
ING VP Real Estate								
2004		1,960	\$13.58 to \$13.95	27,225	(e)		0.55% to 1.50%	(e)
2003		(e)	(e)	(e)	(e)		(e)	(e)
2002		(e)	(e)	(e)	(e)		(e)	(e)
2001		(e)	(e)	(e)	(e)		(e)	(e)
2000		(e)	(e)	(e)	(e)		(e)	(e)



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
					Income Ratio <sup>A</sup>			
ING VP SmallCap Opportunities								
2004		1,087	\$7.36 to \$8.08	\$ 8,178	-	%	0.40% to 1.50%	8.53% to 16.59%
2003		1,170	\$6.78 to \$6.96	8,045	-		0.40% to 1.50%	36.69% to 38.10%
2002		446	\$4.96 to \$5.04	2,239	-		0.45% to 1.50%	-44.29% to -44.13%
2001		7	\$8.95 to \$8.96	59	(b)		0.00% to 1.75%	(b)
2000		(b)	(b)	(b)	(b)		(b)	(b)
ING Real Estate								
2004		22	\$12.65 to \$12.76	282	(e)		0.45% to 1.45%	(e)
2003		(e)	(e)	(e)	(e)		(e)	(e)
2002		(e)	(e)	(e)	(e)		(e)	(e)
2001		(e)	(e)	(e)	(e)		(e)	(e)
2000		(e)	(e)	(e)	(e)		(e)	(e)
Janus Advisor Series Balanced								
2004		-	\$11.40	-	(e)		1.00%	(e)
2003		(e)	(e)	(e)	(e)		(e)	(e)
2002		(e)	(e)	(e)	(e)		(e)	(e)
2001		(e)	(e)	(e)	(e)		(e)	(e)
2000		(e)	(e)	(e)	(e)		(e)	(e)
Janus Aspen Balanced								
2004		16,735	\$10.06 to \$26.46	356,943	2.17		0.00% to 1.95%	6.91% to 8.29%
2003		19,201	\$9.36 to \$24.66	385,094	2.22		0.25% to 1.50%	12.34% to 13.76%
2002		19,717	\$8.29 to \$21.87	353,540	2.57		0.00% to 1.50%	-7.84% to -6.77%
2001		17,000	\$8.95 to \$23.65	338,450	2.71		0.00% to 1.75%	-6.13% to -5.04%
2000		13,548	\$9.49 to \$25.11	296,054	(a)		(a)	(a)
Janus Aspen Capital Appreciation								
2004		365	\$8.55 to \$11.51	3,238	0.03		1.00% to 1.25%	16.50% to 16.80%
2003		423	\$7.32 to \$9.88	3,177	0.27		1.00% to 1.25%	18.75% to 19.02%
2002		326	\$6.15 to \$8.32	2,019	0.33		1.00% to 1.25%	-16.77%
2001		72	\$7.39	530	(b)		0.00% to 1.75%	(b)
2000		(b)	(b)	(b)	(b)		(b)	(b)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
					Income Ratio <sup>A</sup>			
Janus Aspen Flexible Income								
2004		4,497	\$10.30 to \$21.35	\$ 78,169		5.55 %	0.00% to 1.50%	2.39% to 3.69%
2003		5,268	\$10.03 to \$20.59	89,994		4.83	0.25% to 1.50%	4.82% to 6.09%
2002		5,626	\$12.74 to \$19.53	92,271		4.52	0.00% to 1.50%	8.83% to 10.09%
2001		3,776	\$11.67 to \$17.78	56,744		6.11	0.00% to 1.75%	6.13% to 7.36%
2000		2,595	\$10.97 to \$16.61	36,898		(a)	(a)	(a)
Janus Aspen Growth								
2004		12,324	\$9.60 to \$19.79	199,501		0.13	0.00% to 1.50%	2.98% to 4.25%
2003		15,153	\$9.27 to \$19.13	239,988		0.09	0.25% to 1.50%	29.72% to 31.47%
2002		16,346	\$7.70 to \$14.67	199,166		-	0.00% to 1.50%	-27.61% to -26.77%
2001		18,060	\$10.56 to \$20.16	305,619		0.25	0.00% to 1.75%	-25.86% to -25.00%
2000		17,916	\$14.14 to \$27.07	412,686		(a)	(a)	(a)
Janus Aspen Mid Cap Growth								
2004		25,472	\$10.94 to \$24.72	458,336		-	0.00% to 1.50%	18.99% to 20.42%
2003		30,177	\$9.11 to \$20.68	459,241		-	0.25% to 1.50%	33.11% to 34.86%
2002		31,862	\$7.88 to \$15.46	369,184		-	0.00% to 1.50%	-29.01% to -28.04%
2001		34,630	\$11.02 to \$21.67	569,410		-	0.00% to 1.75%	-40.36% to -39.66%
2000		33,795	\$18.33 to \$36.17	950,193		(a)	(a)	(a)
Janus Aspen Worldwide Growth								
2004		24,107	\$9.48 to \$23.32	425,591		0.95	0.00% to 1.50%	3.20% to 4.47%
2003		31,018	\$9.09 to \$22.51	536,188		1.06	0.25% to 1.50%	22.11% to 23.74%
2002		36,207	\$7.94 to \$18.36	513,443		0.87	0.00% to 1.50%	-26.61% to -25.61%
2001		40,344	\$10.75 to \$24.94	783,656		0.45	0.00% to 1.75%	-23.60% to -22.71%
2000		42,211	\$13.96 to \$32.52	1,083,720		(a)	(a)	(a)
Janus Twenty								
2004		124	\$5.87 to \$5.90	730		-	0.95% to 1.10%	22.55% to 22.66%
2003		117	\$4.79 to \$4.81	563		0.63	0.95% to 1.10%	23.97% to 24.09%
2002		99	\$3.86 to \$3.88	383		0.63	0.95% to 1.10%	-24.85% to -24.74%
2001		97	\$5.14 to \$5.15	497		(b)	0.00% to 1.75%	(b)
2000		(b)	(b)	(b)		(b)	(b)	(b)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

Division		Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>a</sup>	Expense Ratio <sup>b</sup> (lowest to highest)	Total Return <sup>c</sup> (lowest to highest)
Lord Abbett Affiliated							
2004		20	\$11.02 to \$11.10	\$ 221	(e) %	0.65% to 1.45%	(e)
2003		(e)	(e)	(e)	(e)	(e)	(e)
2002		(e)	(e)	(e)	(e)	(e)	(e)
2001		(e)	(e)	(e)	(e)	(e)	(e)
2000		(e)	(e)	(e)	(e)	(e)	(e)
Lord Abbett Growth and Income							
2004		9,581	\$11.21 to \$11.85	109,667	1.07	0.45% to 1.95%	10.99% to 14.71%
2003		4,951	\$10.10 to \$10.44	50,532	0.93	0.45% to 1.50%	28.99% to 30.39%
2002		1,545	\$7.83 to \$7.93	12,172	1.05	0.55% to 1.50%	-19.17% to -18.81%
2001		126	\$9.70 to \$9.72	1,226	(b)	0.00% to 1.75%	(b)
2000		(b)	(b)	(b)	(b)	(b)	(b)
Lord Abbett Mid-Cap Value - Class VC							
2004		7,424	\$12.45 to \$15.68	96,241	0.40	0.00% to 1.50%	22.18% to 36.28%
2003		2,735	\$10.19 to \$12.77	28,509	0.67	0.45% to 1.50%	22.92% to 24.05%
2002		1,213	\$8.29 to \$8.41	10,124	1.08	0.55% to 1.50%	-10.91% to -10.64%
2001		28	\$9.34 to \$9.35	265	(b)	0.00% to 1.75%	(b)
2000		(b)	(b)	(b)	(b)	(b)	(b)
Lord Abbett Mid Cap Value Fund - Class A							
2004		24	\$11.91 to \$14.25	290	(e)	0.50% to 1.60%	(e)
2003		(e)	(e)	(e)	(e)	(e)	(e)
2002		(e)	(e)	(e)	(e)	(e)	(e)
2001		(e)	(e)	(e)	(e)	(e)	(e)
2000		(e)	(e)	(e)	(e)	(e)	(e)
Lord Abbett Small-Cap Value							
2004		45	\$11.74 to \$11.84	530	(e)	0.65% to 1.60%	(e)
2003		(e)	(e)	(e)	(e)	(e)	(e)
2002		(e)	(e)	(e)	(e)	(e)	(e)
2001		(e)	(e)	(e)	(e)	(e)	(e)
2000		(e)	(e)	(e)	(e)	(e)	(e)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
					Income Ratio <sup>A</sup>			
Massachusetts Investors Growth Stock								
2004		17	\$10.55 to \$10.58	\$ 180	(e)	%	0.70% to 0.95%	(e)
2003		(e)	(e)	(e)	(e)	(e)	(e)	(e)
2002		(e)	(e)	(e)	(e)	(e)	(e)	(e)
2001		(e)	(e)	(e)	(e)	(e)	(e)	(e)
2000		(e)	(e)	(e)	(e)	(e)	(e)	(e)
MFS® Total Return								
2004		5,159	\$14.45 to \$14.54	74,758	1.56		1.00% to 1.10%	10.14% to 10.24%
2003		4,414	\$13.12 to \$13.19	58,033	1.66		1.00% to 1.10%	14.99% to 15.20%
2002		3,443	\$11.41 to \$11.45	39,338	1.50		1.00% to 1.10%	-6.21% to -6.11%
2001		1,743	\$12.16 to \$12.20	21,228	3.77		1.05% to 1.25%	-1.00% to -0.81%
2000		395	\$12.28 to \$12.30	4,860	(a)		(a)	(a)
Moderate Allocation Portfolio								
2004		6	\$10.72	63	(e)		0.00%	(e)
2003		(e)	(e)	(e)	(e)		(e)	(e)
2002		(e)	(e)	(e)	(e)		(e)	(e)
2001		(e)	(e)	(e)	(e)		(e)	(e)
2000		(e)	(e)	(e)	(e)		(e)	(e)
Mutual Discovery								
2004		16	\$11.54 to \$11.60	186	(e)		0.45% to 1.05%	(e)
2003		(e)	(e)	(e)	(e)		(e)	(e)
2002		(e)	(e)	(e)	(e)		(e)	(e)
2001		(e)	(e)	(e)	(e)		(e)	(e)
2000		(e)	(e)	(e)	(e)		(e)	(e)
New Perspective Fund® - Class R-3								
2004		18	\$11.12 to \$11.17	204	(e)		0.30% to 0.80%	(e)
2003		(e)	(e)	(e)	(e)		(e)	(e)
2002		(e)	(e)	(e)	(e)		(e)	(e)
2001		(e)	(e)	(e)	(e)		(e)	(e)
2000		(e)	(e)	(e)	(e)		(e)	(e)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
				Income Ratio <sup>A</sup>			
New Perspective Fund® - Class R-4							
2004	762	\$11.30 to \$11.66	\$ 8,638	(e)	%	0.55% to 1.50%	(e)
2003	(e)	(e)	(e)	(e)	(e)	(e)	(e)
2002	(e)	(e)	(e)	(e)	(e)	(e)	(e)
2001	(e)	(e)	(e)	(e)	(e)	(e)	(e)
2000	(e)	(e)	(e)	(e)	(e)	(e)	(e)
Oppenheimer Capital Appreciation							
2004	21	\$10.27 to \$10.36	217	(e)		0.65% to 1.60%	(e)
2003	(e)	(e)	(e)	(e)	(e)	(e)	(e)
2002	(e)	(e)	(e)	(e)	(e)	(e)	(e)
2001	(e)	(e)	(e)	(e)	(e)	(e)	(e)
2000	(e)	(e)	(e)	(e)	(e)	(e)	(e)
Oppenheimer Developing Markets							
2004	1,557	\$12.94 to \$29.69	37,377	2.10		0.55% to 1.65%	31.71%
2003	429	\$14.57	6,248	4.56		1.00%	63.52%
2002	145	\$8.91	1,294	2.50		1.00%	-2.58%
2001	24	\$9.15 to \$13.82	223	(b)	(b)	0.00% to 1.75%	(b)
2000	(b)	(b)	(b)	(b)	(b)	(b)	(b)
Oppenheimer Global							
2004	-	\$14.57	4	(e)		1.00%	(e)
2003	(e)	(e)	(e)	(e)	(e)	(e)	(e)
2002	(e)	(e)	(e)	(e)	(e)	(e)	(e)
2001	(e)	(e)	(e)	(e)	(e)	(e)	(e)
2000	(e)	(e)	(e)	(e)	(e)	(e)	(e)
Oppenheimer Main Street Fund® - Class A							
2004	1	\$10.56 to \$10.63	13	(e)		0.90% to 1.60%	(e)
2003	(e)	(e)	(e)	(e)	(e)	(e)	(e)
2002	(e)	(e)	(e)	(e)	(e)	(e)	(e)
2001	(e)	(e)	(e)	(e)	(e)	(e)	(e)
2000	(e)	(e)	(e)	(e)	(e)	(e)	(e)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>A</sup>	Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
Oppenheimer Aggressive Growth						
2004	-	\$0.00	\$ 3	- %	1.25%	0.00%
2003	-	-	4	-	1.25%	-
2002	-	-	3	(c)	1.25%	(c)
2001	(c)	(c)	(c)	(c)	(c)	(c)
2000	(c)	(c)	(c)	(c)	(c)	(c)
Oppenheimer Global Securities						
2004	22,250	\$11.36 to \$19.26	410,368	1.10	0.00% to 1.80%	17.37% to 18.89%
2003	16,092	\$10.51 to \$16.20	251,043	0.55	0.25% to 1.50%	40.97% to 43.00%
2002	10,640	\$10.74 to \$11.36	117,400	0.51	0.00% to 1.50%	-23.30% to -22.41%
2001	6,078	\$14.01 to \$14.59	86,986	10.25	0.00% to 1.75%	-13.36% to -12.34%
2000	3,052	\$16.17 to \$16.76	50,259	(a)	(a)	(a)
Oppenheimer Main Street® Fund/VA						
2004	-	\$0.00	43	-	1.25% to 1.50%	0.00%
2003	-	-	32	-	1.25% to 1.50%	-
2002	-	-	28	(c)	1.25% to 1.50%	(c)
2001	(c)	(c)	(c)	(c)	(c)	(c)
2000	(c)	(c)	(c)	(c)	(c)	(c)
Oppenheimer Main Street® Small Cap						
2004	-	\$12.30	5	(e)	1.25%	(e)
2003	(e)	(e)	(e)	(e)	(e)	(e)
2002	(e)	(e)	(e)	(e)	(e)	(e)
2001	(e)	(e)	(e)	(e)	(e)	(e)
2000	(e)	(e)	(e)	(e)	(e)	(e)
Oppenheimer Strategic Bond						
2004	3,306	\$10.88 to \$14.98	47,078	4.44	0.00% to 1.95%	7.08% to 8.47%
2003	2,470	\$10.31 to \$13.81	32,607	5.57	0.25% to 1.50%	16.27% to 17.73%
2002	1,474	\$11.06 to \$11.73	16,662	6.58	0.00% to 1.50%	5.84% to 7.07%
2001	924	\$10.45 to \$10.91	9,817	6.28	0.00% to 1.75%	3.28% to 4.48%
2000	586	\$10.12 to \$10.79	6,010	(a)	(a)	(a)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
					Income Ratio <sup>A</sup>			
Pax World Balanced								
2004		1,550	\$10.45 to \$11.12	\$ 16,523		0.96 %	0.55% to 1.65%	11.98% to 12.45%
2003		378	\$9.43 to \$9.56	3,605		1.04	0.85% to 1.25%	15.85% to 16.30%
2002		195	\$8.14 to \$8.22	1,605		1.68	0.85% to 1.25%	-9.77%
2001		254	\$9.10	2,309		(b)	0.00% to 1.75%	(b)
2000		(b)	(b)	(b)		(b)	(b)	(b)
PIMCO NFJ Small-Cap Value								
2004		4	\$12.00	53		(e)	0.90%	(e)
2003		(e)	(e)	(e)		(e)	(e)	(e)
2002		(e)	(e)	(e)		(e)	(e)	(e)
2001		(e)	(e)	(e)		(e)	(e)	(e)
2000		(e)	(e)	(e)		(e)	(e)	(e)
PIMCO VIT Real Return								
2004		882	\$10.43 to \$10.83	9,519		(e)	0.60% to 1.50%	(e)
2003		(e)	(e)	(e)		(e)	(e)	(e)
2002		(e)	(e)	(e)		(e)	(e)	(e)
2001		(e)	(e)	(e)		(e)	(e)	(e)
2000		(e)	(e)	(e)		(e)	(e)	(e)
Pioneer High Yield								
2004		42	\$10.38 to \$10.48	437		(e)	0.60% to 1.65%	(e)
2003		(e)	(e)	(e)		(e)	(e)	(e)
2002		(e)	(e)	(e)		(e)	(e)	(e)
2001		(e)	(e)	(e)		(e)	(e)	(e)
2000		(e)	(e)	(e)		(e)	(e)	(e)
Pioneer Equity Income VCT								
2004		2,471	\$11.02 to \$13.99	28,279		2.17	0.00% to 1.95%	14.64% to 17.70%
2003		1,096	\$9.61 to \$12.14	10,691		2.39	0.45% to 1.50%	20.73% to 21.93%
2002		472	\$7.96 to \$8.07	3,782		2.54	0.55% to 1.50%	-16.99% to -16.62%
2001		9	\$9.60 to \$9.62	88		(b)	0.00% to 1.75%	(b)
2000		(b)	(b)	(b)		(b)	(b)	(b)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
					Income Ratio <sup>A</sup>	%		
Pioneer Fund								
2004		-	\$12.57	\$	1	(e)	1.00%	(e)
2003		(e)	(e)		(e)	(e)	(e)	(e)
2002		(e)	(e)		(e)	(e)	(e)	(e)
2001		(e)	(e)		(e)	(e)	(e)	(e)
2000		(e)	(e)		(e)	(e)	(e)	(e)
Pioneer Fund VCT								
2004		256	\$10.03 to \$10.94	2,601	1.16		0.55% to 1.50%	9.62% to 10.60%
2003		165	\$9.15 to \$9.37	1,522	1.13		0.55% to 1.50%	21.84% to 23.13%
2002		57	\$7.51 to \$7.61	432	1.24		0.55% to 1.50%	-20.16% to -19.80%
2001		1	\$9.41 to \$9.43	9	(b)		0.00% to 1.75%	(b)
2000		(b)	(b)	(b)	(b)		(b)	(b)
Pioneer High Yield VCT								
2004		419	\$10.63 to \$11.03	4,468	(e)		0.65% to 1.50%	(e)
2003		(e)	(e)	(e)	(e)		(e)	(e)
2002		(e)	(e)	(e)	(e)		(e)	(e)
2001		(e)	(e)	(e)	(e)		(e)	(e)
2000		(e)	(e)	(e)	(e)		(e)	(e)
Pioneer Mid Cap Value VCT								
2004		3,402	\$11.67 to \$16.27	49,664	0.27		0.00% to 1.60%	20.27% to 21.91%
2003		983	\$10.27 to \$13.46	11,735	0.16		0.55% to 1.50%	35.44% to 36.73%
2002		245	\$8.70 to \$8.82	2,143	0.33		0.55% to 1.50%	-12.53% to -12.05%
2001		8	\$9.95 to \$9.97	81	(b)		0.00% to 1.75%	(b)
2000		(b)	(b)	(b)	(b)		(b)	(b)
Scudder Equity 500 Index								
2004		-	\$12.34	2	(e)		1.00%	(e)
2003		(e)	(e)	(e)	(e)		(e)	(e)
2002		(e)	(e)	(e)	(e)		(e)	(e)
2001		(e)	(e)	(e)	(e)		(e)	(e)
2000		(e)	(e)	(e)	(e)		(e)	(e)



**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)	
					Income Ratio <sup>A</sup>				
T. Rowe Price Mid-Cap Value									
2004		53	\$11.54 to \$11.64	\$	619	(e)	%	0.50% to 1.45%	(e)
2003		(e)	(e)		(e)	(e)		(e)	(e)
2002		(e)	(e)		(e)	(e)		(e)	(e)
2001		(e)	(e)		(e)	(e)		(e)	(e)
2000		(e)	(e)		(e)	(e)		(e)	(e)
Templeton Foreign									
2004		39	\$11.36 to \$11.46		450	(e)		0.65% to 1.65%	(e)
2003		(e)	(e)		(e)	(e)		(e)	(e)
2002		(e)	(e)		(e)	(e)		(e)	(e)
2001		(e)	(e)		(e)	(e)		(e)	(e)
2000		(e)	(e)		(e)	(e)		(e)	(e)
Templeton Growth									
2004		5	\$11.26 to \$11.31		61	(e)		0.95% to 1.45%	(e)
2003		(e)	(e)		(e)	(e)		(e)	(e)
2002		(e)	(e)		(e)	(e)		(e)	(e)
2001		(e)	(e)		(e)	(e)		(e)	(e)
2000		(e)	(e)		(e)	(e)		(e)	(e)
Templeton Global Bond									
2004		572	\$11.59 to \$17.55		6,775	(e)		0.55% to 1.50%	(e)
2003		(e)	(e)		(e)	(e)		(e)	(e)
2002		(e)	(e)		(e)	(e)		(e)	(e)
2001		(e)	(e)		(e)	(e)		(e)	(e)
2000		(e)	(e)		(e)	(e)		(e)	(e)
UBS U.S. Small Cap Growth									
2004		4	\$10.71		48	(e)		0.70%	(e)
2003		(e)	(e)		(e)	(e)		(e)	(e)
2002		(e)	(e)		(e)	(e)		(e)	(e)
2001		(e)	(e)		(e)	(e)		(e)	(e)
2000		(e)	(e)		(e)	(e)		(e)	(e)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
				Income Ratio <sup>A</sup>			
Vanguard® 500 Index							
2004	1	\$10.82	\$	13	(e) %	0.00%	(e)
2003	(e)	(e)		(e)	(e)	(e)	(e)
2002	(e)	(e)		(e)	(e)	(e)	(e)
2001	(e)	(e)		(e)	(e)	(e)	(e)
2000	(e)	(e)		(e)	(e)	(e)	(e)
Vanguard® Variable Insurance							
2004	18	\$11.19 to \$11.23	208	(e)		1.10% to 1.65%	(e)
2003	(e)	(e)	(e)	(e)		(e)	(e)
2002	(e)	(e)	(e)	(e)		(e)	(e)
2001	(e)	(e)	(e)	(e)		(e)	(e)
2000	(e)	(e)	(e)	(e)		(e)	(e)
Wanger Select							
2004	195	\$11.39 to \$11.85	2,227	(e)		0.70% to 1.50%	(e)
2003	(e)	(e)	(e)	(e)		(e)	(e)
2002	(e)	(e)	(e)	(e)		(e)	(e)
2001	(e)	(e)	(e)	(e)		(e)	(e)
2000	(e)	(e)	(e)	(e)		(e)	(e)
Wanger U.S. Smaller Companies							
2004	186	\$11.55 to \$12.12	2,155	(e)		0.55% to 1.50%	(e)
2003	(e)	(e)	(e)	(e)		(e)	(e)
2002	(e)	(e)	(e)	(e)		(e)	(e)
2001	(e)	(e)	(e)	(e)		(e)	(e)
2000	(e)	(e)	(e)	(e)		(e)	(e)
Washington Mutual Investors <sup>SM</sup> - Class R-3							
2004	115	\$10.66 to \$10.77	1,232	(e)		0.30% to 1.40%	(e)
2003	(e)	(e)	(e)	(e)		(e)	(e)
2002	(e)	(e)	(e)	(e)		(e)	(e)
2001	(e)	(e)	(e)	(e)		(e)	(e)
2000	(e)	(e)	(e)	(e)		(e)	(e)

**ING LIFE INSURANCE AND ANNUITY COMPANY**  
**VARIABLE ANNUITY ACCOUNT C**  
**Notes to Financial Statements**

	Division	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment		Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
					Income Ratio <sup>A</sup>			
Washington Mutual Investors <sup>SM</sup> - Class R-4								
2004		3,309	\$10.80 to \$11.08	\$ 35,859	(e)	%	0.55% to 1.50%	(e)
2003		(e)	(e)	(e)	(e)	(e)	(e)	(e)
2002		(e)	(e)	(e)	(e)	(e)	(e)	(e)
2001		(e)	(e)	(e)	(e)	(e)	(e)	(e)
2000		(e)	(e)	(e)	(e)	(e)	(e)	(e)

(a) Not provided for 2000

(b) As this investment Division was not available until 2001, this data is not meaningful and therefore is not presented

(c) As this investment Division was not available until 2002, this data is not meaningful and therefore is not presented

(d) As this investment Division was not available until 2003, this data is not meaningful and therefore is not presented

(e) As this investment Division was not available until 2004, this data is not meaningful and therefore is not presented

**A** The Investment Income Ratio represents dividends received by the Division, excluding capital gains distributions, divided by the average net assets.

The recognition of investment income is determined by the timing of the declaration of dividends by the underlying fund in which the Division invests.

**B** The Expense Ratio considers only the expenses borne directly by the Account and is equal to the mortality and expense charge, as defined in Note 3. Certain items in this table are presented as a range of minimum and maximum values; however, such information is calculated independently for each column in the table.

**C** Total Return is calculated as the change in unit value for each Contract presented in the Statements of Assets and Liabilities. Certain items in this table are presented as a range of minimum and maximum values; however, such information is calculated independently for each column in the table.

**ING Life Insurance And Annuity Company And Subsidiaries**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**

**Index to Consolidated Financial Statements**

	<b><u>Page</u></b>
Report of Independent Registered Public Accounting Firm	C-2
Consolidated Financial Statements:	
Consolidated Statements of Operations for the years ended December 31, 2004, 2003 and 2002	C-3
Consolidated Balance Sheets as of December 31, 2004 and 2003	C-4
Consolidated Statements of Changes in Shareholder's Equity for the years ended December 31, 2004, 2003 and 2002	C-5
Consolidated Statements of Cash Flows for the years ended December 31, 2004, 2003 (Restated) and 2002 (Restated)	C-6
Notes to Consolidated Financial Statements	C-7

## Report of Independent Registered Public Accounting Firm

The Board of Directors  
ING Life Insurance and Annuity Company

We have audited the accompanying consolidated balance sheets of ING Life Insurance and Annuity Company as of December 31, 2004 and 2003, and the related consolidated statements of operations, changes in shareholder's equity, and cash flows for each of the three years in the period ended December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ING Life Insurance and Annuity Company as of December 31, 2004 and 2003, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the financial statements, the Company changed the accounting principle for goodwill and other intangible assets effective January 1, 2002. As discussed in Note 14 to the financial statements, the Company restated certain amounts presented in the statements of cash flows related to its payables for securities purchased, short-term borrowings, and investment contracts for the years ended December 31, 2003 and 2002.

/s/ Ernst & Young LLP

Atlanta, Georgia  
March 31, 2005

**ING Life Insurance And Annuity Company And Subsidiaries**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**

**Consolidated Statements of Operations**  
(In millions)

	Year ended December 31,		
	2004	2003	2002
<b>Revenues:</b>			
Net investment income	\$ 983.1	\$ 919.1	\$ 959.5
Fee income	455.7	395.8	423.9
Premiums	38.5	50.1	53.9
Net realized capital gains (losses)	25.2	64.5	(101.0)
Total revenue	<u>1,502.5</u>	<u>1,429.5</u>	<u>1,336.3</u>
<b>Benefits and expenses:</b>			
Interest credited and other benefits to contractowners	739.4	723.4	707.3
Operating expenses	394.0	383.9	361.4
Amortization of deferred policy acquisition costs and value of business acquired	127.4	106.5	181.5
Total benefits and expenses	<u>1,260.8</u>	<u>1,213.8</u>	<u>1,250.2</u>
Income before income taxes and cumulative effect of change in accounting principle	241.7	215.7	86.1
Income tax expense	42.4	61.1	18.6
Income before cumulative effect of change in accounting principle	199.3	154.6	67.5
Cumulative effect of change in accounting principle, net of tax	-	-	(2,412.1)
Net income (loss)	<u><u>\$ 199.3</u></u>	<u><u>\$ 154.6</u></u>	<u><u>\$ (2,344.6)</u></u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**ING Life Insurance And Annuity Company And Subsidiaries**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**

**Consolidated Balance Sheets**  
(In millions, except share data)

	<b>December 31,</b>	
	<b>2004</b>	<b>2003</b>
<b>Assets:</b>		
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost of \$16,684.7 at 2004 and \$15,455.0 at 2003)	\$ 17,151.3	\$ 16,049.7
Equity securities, available-for-sale, at fair value (cost of \$153.9 at 2004 and \$146.5 at 2003)	162.6	161.9
Mortgage loans on real estate	1,090.2	754.5
Policy loans	262.7	270.3
Other investments	57.0	53.6
Securities pledged (amortized cost of \$1,258.8 at 2004 and \$1,624.4 at 2003)	1,274.3	1,644.8
Total investments	19,998.1	18,934.8
Cash and cash equivalents	187.3	57.8
Short-term investments under securities loan agreement	219.5	123.9
Accrued investment income	181.7	169.6
Notes receivable from affiliate	175.0	-
Reinsurance recoverable	2,902.7	2,953.2
Deferred policy acquisition costs	414.5	307.9
Value of business acquired	1,365.2	1,415.4
Due from affiliates	25.9	41.5
Other assets	59.6	206.2
Assets held in separate accounts	33,310.5	33,014.7
Total assets	<u>\$ 58,840.0</u>	<u>\$ 57,225.0</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**ING Life Insurance And Annuity Company And Subsidiaries**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**

**Consolidated Balance Sheets**  
(In millions, except share data)

	<b>December 31,</b>	
	<b>2004</b>	<b>2003</b>
<b>Liabilities and Shareholder's Equity</b>		
Future policy benefits and claims reserves	\$ 20,886.4	\$ 19,276.6
Due to affiliates	49.4	92.4
Payables for securities purchased	25.1	5.4
Payables under securities loan agreement	219.5	123.9
Borrowed money	1,057.4	1,519.3
Current income taxes	82.6	85.6
Deferred income taxes	209.3	184.7
Other liabilities	275.6	276.5
Liabilities related to separate accounts	33,310.5	33,014.7
Total liabilities	<u>56,115.8</u>	<u>54,579.1</u>
Shareholder's equity:		
Common stock (100,000 shares authorized; 55,000 shares issued and outstanding, \$50.0 per share value)	2.8	2.8
Additional paid-in capital	4,576.5	4,646.5
Accumulated other comprehensive income	67.1	116.0
Retained earnings (deficit)	(1,922.2)	(2,119.4)
Total shareholder's equity	<u>2,724.2</u>	<u>2,645.9</u>
Total liabilities and shareholder's equity	<u><u>\$ 58,840.0</u></u>	<u><u>\$ 57,225.0</u></u>

*The accompanying notes are an integral part of these consolidated financial statements.*



**ING Life Insurance And Annuity Company And Subsidiaries**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**

**Consolidated Statements of Changes in Shareholder's Equity**  
(In millions)

	<b>Common Stock</b>	<b>Additional Paid-In Capital</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Retained Earnings (Deficit)</b>	<b>Total Shareholder's Equity</b>
Balance at December 31, 2001	\$ 2.8	\$ 4,292.4	\$ 55.8	\$ 103.3	\$ 4,454.3
Comprehensive loss:					
Net loss	-	-	-	(2,344.6)	(2,344.6)
Other comprehensive income, net of tax:					
Net unrealized gain on securities (\$94.9 pretax)	-	-	61.7	-	61.7
Comprehensive loss					(2,282.9)
Distribution of IA Holdco	-	(27.4)	-	(32.7)	(60.1)
Capital contributions	-	164.3	-	-	164.3
SERP - transfer	-	(15.1)	-	-	(15.1)
Other changes	-	2.3	-	-	2.3
Balance at December 31, 2002	2.8	4,416.5	117.5	(2,274.0)	2,262.8
Comprehensive income:					
Net income	-	-	-	154.6	154.6
Other comprehensive loss, net of tax:					
Net unrealized loss on securities ((\$2.4) pretax)	-	-	(1.5)	-	(1.5)
Comprehensive income					153.1
Capital contributions	-	230.0	-	-	230.0
Balance at December 31, 2003	2.8	4,646.5	116.0	(2,119.4)	2,645.9
Comprehensive income:					
Net income	-	-	-	199.3	199.3
Other comprehensive loss, net of tax:					
Net unrealized loss on securities ((\$49.5) pretax)	-	-	(32.2)	-	(32.2)
Minimum pension liability	-	-	(16.7)	-	(16.7)
Comprehensive income	-	-	-	-	150.4
Dividends paid	-	(70.0)	-	-	(70.0)
Other	-	-	-	(2.1)	(2.1)
Balance at December 31, 2004	\$ 2.8	\$ 4,576.5	\$ 67.1	\$ (1,922.2)	\$ 2,724.2

*The accompanying notes are an integral part of these consolidated financial statements.*

**ING Life Insurance And Annuity Company And Subsidiaries**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**

**Consolidated Statements of Cash Flows**  
(In millions)

	Year ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
<b>Cash Flows from Operating Activities:</b>			
Net income (loss)	\$ 199.3	\$ 154.6	\$ (2,344.6)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Capitalization of deferred policy acquisition costs	(168.0)	(159.7)	(127.6)
Amortization of deferred policy acquisition costs and value of business acquired	134.3	106.5	158.5
Net accretion/decretion of discount/premium	155.9	198.9	115.5
Future policy benefits, claims reserves, and interest credited	620.4	705.9	953.7
Impairment of goodwill	-	-	2,412.1
Provision for deferred income taxes	41.0	22.1	23.6
Net realized capital (gains) losses	(25.1)	(64.5)	101.0
Depreciation	12.4	23.3	20.9
Change in:			
Accrued investment income	(2.3)	1.3	(10.0)
Reinsurance recoverable	50.5	33.3	172.7
Accounts receivable and assets accruals	18.2	(25.2)	(5.8)
Due to/from affiliates	(32.8)	47.4	8.1
Other payables and accruals	17.9	14.4	(82.8)
Net cash provided by operating activities	<u>1,021.7</u>	<u>1,058.3</u>	<u>1,395.3</u>
<b>Cash Flows from Investing Activities:</b>			
Proceeds from the sale, maturity, or redemption of:			
Fixed maturities, available-for-sale	26,791.8	29,977.9	26,315.3
Equity securities, available-for-sale	85.7	130.2	57.2
Mortgage loans on real estate	71.0	16.3	2.0
Acquisition of:			
Fixed maturities, available-for-sale	(26,809.0)	(31,951.6)	(28,272.8)
Equity securities, available-for-sale	(81.6)	(34.8)	(81.8)
Mortgage loans on real estate	(406.7)	(194.2)	(343.7)
Increase in policy loans	7.6	26.0	32.7
Purchases/sales of property and equipment, net	(11.7)	(5.2)	(5.8)
Change in other investments	(15.3)	(8.1)	(22.4)
Loans to affiliates	(175.0)	-	-
Net cash used in investing activities	<u>(543.2)</u>	<u>(2,043.5)</u>	<u>(2,319.3)</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**ING Life Insurance And Annuity Company And Subsidiaries**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**

**Consolidated Statements of Cash Flows**  
(In millions)

	Year ended December 31,		
	2004	2003 (Restated)	2002 (Restated)
<b>Cash Flows from Financing Activities:</b>			
Deposits for investment contracts	\$ 2,089.9	\$ 2,296.6	\$ 1,349.1
Maturities and withdrawals from investment contracts	(1,910.4)	(1,745.5)	(741.4)
Short-term borrowings, net	(458.5)	196.5	299.7
Dividends paid to Parent	(70.0)	-	-
Capital contributions	-	230.0	-
Net cash provided by (used in) financing activities	(349.0)	977.6	907.4
Net increase (decrease) in cash and cash equivalents	129.5	(7.6)	(16.6)
Cash and cash equivalents, beginning of year	57.8	65.4	82.0
Cash and cash equivalents, end of year	<u>\$ 187.3</u>	<u>\$ 57.8</u>	<u>\$ 65.4</u>
Supplemental cash flow information:			
Income taxes paid, net	<u>\$ 3.2</u>	<u>\$ 29.8</u>	<u>\$ 6.7</u>
Interest paid	<u>\$ 22.8</u>	<u>\$ 32.6</u>	<u>\$ 20.6</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

# ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES

(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)

## Notes to Consolidated Financial Statements

(Dollar amounts in millions, unless otherwise stated)

---

### 1. Organization and Significant Accounting Policies

#### *Basis of Presentation*

ING Life Insurance and Annuity Company (“ILIAC”), a stock life insurance company domiciled in the state of Connecticut, and its wholly-owned subsidiaries (collectively, the “Company”) are providers of financial products and services in the United States. These consolidated financial statements include ILIAC and its wholly-owned subsidiaries, ING Insurance Company of America (“IICA”), ING Financial Advisers, LLC (“IFA”) and, through February 28, 2002, ING Investment Adviser Holding, Inc. (“IA Holdco”). Until March 30, 2003, ILIAC was a wholly-owned subsidiary of ING Retirement Holdings, Inc. (“HOLDCO”), which was a wholly-owned subsidiary of ING Retirement Services, Inc. (“IRSI”). Until March 30, 2003, IRSI was a wholly-owned subsidiary of Lion Connecticut Holdings Inc. (“Lion”), which in turn was ultimately owned by ING Groep N.V. (“ING”). On March 30, 2003, a series of mergers occurred in the following order: IRSI merged into Lion and HOLDCO merged into Lion. As a result, ILIAC is now a direct, wholly-owned subsidiary of Lion, which in turn is an indirect, wholly-owned subsidiary of ING. ING is a global financial services company based in The Netherlands, with American Depository Shares listed on the New York Stock Exchange under the symbol “ING.”

#### *Description of Business*

The Company offers qualified and nonqualified annuity contracts that include a variety of funding and payout options for individuals and employer-sponsored retirement plans qualified under Internal Revenue Code Sections 401, 403, 408 and 457, as well as nonqualified deferred compensation plans. The Company’s products are offered primarily to individuals, pension plans, small businesses and employer-sponsored groups in the health care, government, education (collectively “not-for-profit” organizations), and corporate markets. The Company’s products generally are distributed through pension professionals, independent agents and brokers, third party administrators, banks, dedicated career agents, and financial planners.

Annuity contracts may be deferred or immediate (payout annuities). These products also include programs offered to qualified plans and nonqualified deferred compensation plans that package administrative and record-keeping services along with a variety of investment options, including affiliated and nonaffiliated mutual funds, and variable and fixed investment options. In addition, the Company offers wrapper agreements entered into with retirement plans which contain certain benefit responsive guarantees (i.e. liquidity guarantees of principal and previously accrued interest for benefits paid under the terms of the plan) with respect to portfolios of plan-owned assets not invested with the Company. The Company also offers investment advisory services and pension plan administrative services.

***Recently Adopted Accounting Standards***

***Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts***

The Company adopted Statement of Position ("SOP") 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts," on January 1, 2004. SOP 03-1 establishes several new accounting and disclosure requirements for certain nontraditional long-duration contracts and for separate accounts including, among other things, a requirement that assets and liabilities of separate account arrangements that do not meet certain criteria be accounted for as general account assets and liabilities, and that revenues and expenses related to such arrangements, be consolidated with the respective lines in the Consolidated Statements of Operations. In addition, the SOP requires that additional liabilities be established for certain guaranteed death and other benefits and for products with certain patterns of cost of insurance charges. In addition, sales inducements provided to contractowners must be recognized on the Consolidated Balance Sheets separately from deferred acquisition costs and amortized as a component of benefits expense using methodology and assumptions consistent with those used for amortization of deferred policy acquisition costs ("DAC").

The Company evaluated all requirements of SOP 03-1 which resulted in the consolidation of the Separate Account supporting the guarantee option into the General Account. Requirements to establish additional liabilities for minimum guarantee benefits are applicable to the Company; however, the Company's policies on contract liabilities have historically been, and continue to be, in conformity with the newly established requirements. Requirements for recognition of additional liabilities for products with certain patterns of cost of insurance charges are not applicable to the Company. The adoption of SOP 03-1 had no significant effect on the Company's financial position, results of operations, or cash flows.

In the fourth quarter of 2004, the Company implemented Technical Practice Aid 6300.05 – 6300.08, "Q&As Related to the Implementation of SOP 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts" (the "TPA").

The TPA, which was approved in September 2004, provides additional guidance regarding certain implicit assessments that may be used in testing of the base mortality function on contracts, which is performed to determine whether additional liabilities are required in conjunction with SOP 03-1. In addition, the TPA provides additional guidance surrounding the allowed level of aggregation of additional liabilities determined under SOP 03-1. The adoption of the TPA did not have an impact on the Company's financial position, results of operations, or cash flows.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

The implementation of SOP 03-1 also raised questions regarding the interpretation of the requirements of Statement of Financial Accounting Standards (“FAS”) No. 97, “Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments,” concerning when it is appropriate to record an unearned revenue liability related to the insurance benefit function. To clarify its position, the Financial Accounting Standards Board (“FASB”) issued FASB Staff Position No. FAS 97-1 (“FSP FAS 97-1”), “Situations in Which Paragraphs 17(b) and 20 of FASB Statement No. 97 Permit or Require Accrual of an Unearned Revenue Liability,” effective for fiscal periods beginning subsequent to the date the guidance was issued, June 18, 2004. The Company adopted FSP FAS 97-1 on July 1, 2004 which did not have an impact on the Company’s financial position, results of operations, or cash flows.

*The Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments*

In March 2004, the Emerging Issues Task Force (“EITF”) reached a final consensus on EITF Issue No. 03-1 (“EITF-03-1”), “The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments,” requiring that a three-step impairment model be applied to securities within its scope. The three-step model is applied on a security-by-security basis as follows:

- Step 1: Determine whether an investment is impaired. An investment is impaired if the fair value of the investment is less than its cost basis.
- Step 2: Evaluate whether an impairment is other-than-temporary.
- Step 3: If the impairment is other-than-temporary, recognize an impairment loss equal to the difference between the investment’s cost and its fair value.

On September 30, 2004, the FASB issued FASB Staff Position No. EITF Issue 03-1-1 (“FSP EITF 03-1-1”), “Effective Date of Paragraphs 10-20 of EITF Issue No. 03-1, ‘The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments,’” which delayed the EITF Issue No. 03-1 original effective date of July 1, 2004 related to steps two and three of the impairment model introduced. The delay is in effect until a final consensus can be reached on such guidance. Despite the delay of the implementation of steps two and three, other-than-temporary impairments are still to be recognized as required by existing guidance.

Earlier consensus reached by the EITF on this issue required that certain quantitative and qualitative disclosures be made for unrealized losses on debt and equity securities that have not been recognized as other-than-temporary impairments. These disclosures were adopted by the Company, effective December 31, 2003, and are included in the Investments footnote.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

*Accounting for Derivative Instruments and Hedging Activities*

The Derivative Implementation Group (“DIG”), responsible for issuing guidance on behalf of the FASB for implementation of FAS No. 133, “Accounting for Derivative Instruments and Hedging Activities,” issued Statement No. 133 Implementation Issue No. B36, “Embedded Derivatives: Modified Coinsurance Arrangements and Debt Instruments That Incorporate Credit Risk Exposures That Are Unrelated or Only Partially Related to the Credit Worthiness of the Obligor under Those Instruments” (“DIG B36”). Under this interpretation, modified coinsurance and coinsurance with funds withheld reinsurance agreements as well as other types of receivables and payables where interest is determined by reference to a pool of fixed maturity assets or a total return debt index may be determined to contain embedded derivatives that are required to be bifurcated from the host instrument. The required date of adoption of DIG B36 for the Company was October 1, 2003. The adoption did not have an impact on the Company’s financial position, results of operations, or cash flows.

*Variable Interest Entities*

In January 2003, the FASB issued FASB Interpretation No. 46, “Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51” (“FIN 46”). In December 2003, the FASB modified FIN 46 to make certain technical revisions and address certain implementation issues that had arisen. FIN 46 provides a new framework for identifying variable interest entities (“VIEs”) and determining when a company should include the assets, liabilities, noncontrolling interests and results of activities of a VIE in its consolidated financial statements.

In general, a VIE is a corporation, partnership, limited-liability corporation, trust, or any other legal structure used to conduct activities or hold assets that either (1) has an insufficient amount of equity to carry out its principal activities without additional subordinated financial support, (2) has a group of equity owners that are unable to make significant decisions about its activities, or (3) has a group of equity owners that do not have the obligation to absorb losses or the right to receive returns generated by its operations.

FIN 46 requires a VIE to be consolidated if a party with an ownership, contractual or other financial interest in the VIE (a variable interest holder) is obligated to absorb a majority of the risk of loss from the VIE’s activities, is entitled to receive a majority of the VIE’s residual returns (if no party absorbs a majority of the VIE’s losses), or both. A variable interest holder that consolidates the VIE is called the primary beneficiary. Upon consolidation, the primary beneficiary generally must initially record all of the VIE’s assets, liabilities, and noncontrolling interests at fair value and subsequently account for the VIE as if it were consolidated based on majority voting interest. FIN 46 also requires

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

disclosures about VIEs that the variable interest holder is required to consolidate and those VIEs it is not required to consolidate but in which it has a significant variable interest.

The Company holds investments in VIEs in the form of private placement securities, structured securities, securitization transactions, and limited partnerships with an aggregate fair value of \$8,489.3 as of December 31, 2004. These VIEs are held by the Company for investment purposes. Consolidation of these investments in the Company's financial statements is not required as the Company is not the primary beneficiary for any of these VIEs. Book value as of December 31, 2004 of \$8,396.1 represents the maximum exposure to loss except for those structures for which the Company also receives asset management fees.

*Guarantees*

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"), to clarify accounting and disclosure requirements relating to a guarantor's issuance of certain types of guarantees, or groups of similar guarantees, even if the likelihood of the guarantor's having to make any payments under the guarantee is remote. The disclosure provisions are effective for financial statements for fiscal years ended after December 15, 2002. For certain guarantees, the interpretation also requires that guarantors recognize a liability equal to the fair value of the guarantee upon its issuance. This initial recognition and measurement provision is to be applied only on a prospective basis to guarantees issued or modified after December 31, 2002. The Company has performed an assessment of its guarantees and believes that all of its guarantees are excluded from the scope of this interpretation.

*Goodwill Impairment*

During 2002, the Company adopted FAS No. 142, "Goodwill and Other Intangible Assets." The adoption of this standard resulted in the recognition of an impairment loss of \$2,412.1, net of taxes of \$1,298.8, related to prior acquisitions, recorded retroactive to the first quarter of 2002. Prior quarters of 2002 were restated accordingly. This impairment loss represented the entire carrying amount of goodwill, net of accumulated amortization. This impairment charge is shown as a change in accounting principle on the December 31, 2002 Consolidated Statement of Operations.

*New Accounting Pronouncements*

In December 2004, the FASB issued FAS No. 123 (revised 2004), "Share-Based Payment" ("FAS 123R"), which requires all share-based payments be recognized in the



**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

financial statements based upon the fair value. FAS 123R is effective at the beginning of the first interim or annual period beginning after June 15, 2005. Earlier adoption is encouraged. FAS 123R provides two transition methods, modified-prospective and modified-retrospective.

The modified-prospective method recognizes the grant-date fair value of compensation for new and unvested awards beginning in the fiscal period in which the recognition provisions are first applied. Prior periods are not restated. The modified-retrospective method, entities are allowed to restate prior periods by recognizing the compensation cost in the amount previously reported in the pro forma footnote disclosures as required under FAS No. 123, "Accounting for Stock-Based Compensation."

The Company intends to early adopt the provisions of FAS 123R on January 1, 2005 using the modified-prospective method. The adoption of FAS 123R is not expected to have a material impact on the Company's financial position, results of operations or cash flows. Prior to January 2005, the Company applied the intrinsic value-based provisions set forth in APB Opinion No. 25, "Accounting for Stock Issued to Employees". Under the intrinsic value method, compensation expense is determined on the measurement date, which is the first date on which both the number of shares the employee is entitled to receive and the exercise price are known. Compensation expense, if any, is measured based on the award's intrinsic value, which is the excess of the market price of the stock over the exercise price on the measurement date.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from reported results using those estimates.

***Reclassifications***

Certain reclassifications have been made to prior years financial information to conform to the current year presentation, including a reclassification in the amount of \$9.2, net of tax, from retained earnings to accumulated other comprehensive income as of December 31, 2001 (see footnote 14).

***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand, money market instruments and other debt issues with a maturity of 90 days or less when purchased.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

***Investments***

All of the Company's fixed maturity and equity securities are currently designated as available-for-sale. Available-for-sale securities are reported at fair value and unrealized gains and losses on these securities are included directly in shareholder's equity, after adjustment for related changes in deferred policy acquisition costs ("DAC"), value of business acquired ("VOBA"), and deferred income taxes.

***Other-Than-Temporary Impairments***

The Company analyzes the General Account investments to determine whether there has been an other-than-temporary decline in fair value below the amortized cost basis in accordance with FAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Management considers the length of time and the extent to which fair value has been less than amortized cost; the financial condition and near-term prospects of the issuer; future economic conditions and market forecasts; and the Company's intent and ability to retain the investment in the issuer for a period of time sufficient to allow for recovery in fair value. If it is probable that all amounts due according to the contractual terms of a debt security will not be collected, an other-than-temporary impairment is considered to have occurred.

In addition, the Company invests in structured securities that meet the criteria of EITF Issue No. 99-20 "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets." Under Issue No. EITF 99-20, a determination of the required impairment is based on credit risk and the possibility of significant prepayment risk that restricts the Company's ability to recover the investment. An impairment is recognized if the fair value of the security is less than amortized cost and there has been an adverse change in cash flow since the last remeasurement date.

When a decline in fair value is determined to be other-than-temporary, the individual security is written down to fair value and the loss is accounted for as a realized loss.

***Experience-Rated Products***

Included in available-for-sale securities are investments that support experience-rated products. Experience-rated products are products where the customer, not the Company, assumes investment (including realized capital gains and losses) and other risks, subject to, among other things, minimum principal and interest guarantees. Unamortized realized gains and losses on the sale of and unrealized capital gains and losses on investments supporting these products are included in future policy benefits and claims reserves on the Consolidated Balance Sheets. Realized capital gains and losses on all other investments are reflected in the Consolidated Statements of Operations. Unrealized

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

capital gains and losses on all other investments are reflected in shareholder's equity, net of related income taxes.

*Purchases and Sales*

Purchases and sales of fixed maturities and equity securities (excluding private placements) are recorded on the trade date. Purchases and sales of private placements and mortgage loans are recorded on the closing date.

*Valuation*

Fair values for fixed maturities are obtained from independent pricing services or broker/dealer quotations. Fair values for privately placed bonds are determined using a matrix-based model. The matrix-based model considers the level of risk-free interest rates, current corporate spreads, the credit quality of the issuer, and cash flow characteristics of the security. The fair values for actively traded equity securities are based on quoted market prices. For equity securities not actively traded, estimated fair values are based upon values of issues of comparable yield and quality or conversion value where applicable.

Mortgage loans on real estate are reported at amortized cost less impairment writedowns. If the value of any mortgage loan is determined to be impaired (i.e., when it is probable the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement), the carrying value of the mortgage loan is reduced to the present value of expected cash flows from the loan, discounted at the loan's effective interest rate, or to the loan's observable market price, or the fair value of the collateral. If the loan is in foreclosure, the carrying value is reduced to the fair value of the underlying collateral, net of estimated costs to obtain and sell. The carrying value of the impaired loans is reduced by establishing a permanent writedown charged to realized loss.

Policy loans are carried at unpaid principal balances.

Short-term investments, consisting primarily of money market instruments and other fixed maturities issues purchased with an original maturity of 91 days to one year, are considered available-for-sale and are carried at fair value, which approximates amortized cost.

*Securities Lending*

The Company engages in securities lending whereby certain securities from its portfolio are loaned to other institutions for short periods of time. Initial collateral, primarily cash, is required at a rate of 102% of the market value of the loaned domestic securities. The collateral is deposited by the borrower with a lending agent, and retained and invested by

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

the lending agent according to the Company's guidelines to generate additional income. The market value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market value of the loaned securities fluctuates.

*Repurchase Agreements*

The Company engages in dollar repurchase agreements ("dollar rolls") and repurchase agreements to increase the return on investments and improve liquidity. These transactions involve a sale of securities and an agreement to repurchase substantially the same securities as those sold. Company policies require a minimum of 95% of the fair value of securities pledged under dollar rolls and repurchase agreement transactions to be maintained as collateral. Cash collateral received is invested in fixed maturities and the offsetting collateral liability is included in borrowed money on the Consolidated Balance Sheets.

*Derivatives*

The Company's use of derivatives is limited mainly to hedging purposes. However, these derivatives are not accounted for using hedge accounting treatment under FAS No. 133 and the Company does not seek hedge accounting treatment. The Company enters into interest rate, equity market, and currency contracts, including swaps, caps, and floors to reduce and manage risks associated with changes in value, yield, price or cash flow or exchange rates of assets or liabilities held or intended to be held. Changes in the fair value of open derivative contracts are recorded in net realized capital gains and losses. Derivatives are included in other investments on the Consolidated Balance Sheets.

The Company also has investments in certain fixed maturity instruments and has retail annuity products that contain embedded derivatives, including those whose market value is at least partially determined by, among other things, levels of or changes in domestic and/or foreign interest rates (short- or long-term), exchange rates, prepayment rates, equity markets, or credit ratings/spreads. Changes in the fair value of embedded derivatives are recorded in net realized capital gains (losses) in the Consolidated Statements of Operations. Embedded derivatives are included in fixed maturities.

*Deferred Policy Acquisition Costs and Value of Business Acquired*

DAC represents policy acquisition costs that have been capitalized and are subject to amortization. Such costs consist principally of certain commissions, underwriting, contract issuance, and certain agency expenses, related to the production of new and renewal business.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

VOBA represents the outstanding value of in force business capitalized and is subject to amortization in purchase accounting when the Company was acquired. The value is based on the present value of estimated net cash flows embedded in the Company's contracts.

The amortization methodology used for DAC and VOBA varies by product type. FAS No. 60, "Accounting and Reporting by Insurance Enterprises," applies to traditional life insurance products, primarily whole life and term life insurance contracts. Under FAS No. 60, DAC and VOBA are amortized over the premium payment period, in proportion to the premium revenue recognized.

FAS No. 97 applies to universal life and investment-type products, such as fixed and variable deferred annuities. Under FAS No. 97, DAC and VOBA are amortized, with interest, over the life of the related contracts (usually 25 years) in relation to the present value of estimated future gross profits from investment, mortality, and expense margins; asset-based fees, policy administration, and surrender charges; less policy maintenance fees and non-capitalized commissions, as well as realized gains and losses on investments.

Changes in assumptions can have a significant impact on DAC and VOBA balances and amortization rates. Several assumptions are considered significant in the estimation of future gross profits associated with variable deferred annuity products. One of the most significant assumptions involved in the estimation of future gross profits is the assumed return associated with the variable account performance. To reflect the volatility in the equity markets, this assumption involves a combination of near-term expectations and long-term assumptions regarding market performance. The overall return on the variable account is dependent on multiple factors, including the relative mix of the underlying sub-accounts among bond funds and equity funds, as well as equity sector weightings. Other significant assumptions include surrender and lapse rates, estimated interest spread, and estimated mortality.

Due to the relative size and sensitivity to minor changes in underlying assumptions of DAC and VOBA balances, the Company performs a quarterly and annual analysis of DAC and VOBA for the annuity and life businesses, respectively. The DAC and VOBA balances are evaluated for recoverability and are reduced to the extent that estimated future gross profits are inadequate to recover the asset.

At each evaluation date, actual historical gross profits are reflected, and estimated future gross profits and related assumptions are evaluated for continued reasonableness. Any adjustment in estimated profit requires that the amortization rate be revised ("unlocking"), retroactively to the date of the policy or contract issuance. The cumulative prior period adjustment is recognized as a component of current period

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

amortization. In general, increases in investment, mortality, and expense margins, and thus estimated future profits, lower the rate of amortization. However, decreases in investment, mortality, and expense margins, and thus estimated future profits, increase the rate of amortization.

***Reserves***

The Company establishes and carries actuarially determined reserve liabilities which are calculated to meet its future obligations. Changes in or deviations from the assumptions used can significantly affect the Company's reserve levels and related future operations.

Reserves for deferred annuity investment contracts and immediate annuities without life contingent benefits are equal to cumulative deposits less charges and withdrawals plus credited interest thereon (rates range from 1.5% to 11.9% for all years presented) net of adjustments for investment experience that the Company is entitled to reflect in future credited interest. These reserves also include unrealized gains/losses related to investments and unamortized realized gains/losses on investments for experience-rated contracts. Reserves on experience-rated contracts reflect the rights of contractholders, plan participants, and the Company.

Reserves for immediate annuities with life contingent benefits are computed on the basis of assumed interest discount rates, mortality, and expenses, including a margin for adverse deviations. Such assumptions generally vary by plan, year of issue and policy duration. Reserve interest rates range from 4.9% to 9.5% for all years presented.

Because the sale of the domestic individual life insurance business on October 1, 1998 was substantially in the form of an indemnity reinsurance agreement, the Company includes an amount in reinsurance recoverable on the Consolidated Balance Sheet, which approximates the Company's total individual life reserves. See Note 11 to the Consolidated Balance Sheets.

Unpaid claims and claim expenses for all lines of insurance include benefits for reported losses and estimates of benefits for losses incurred but not reported.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

***Sales Inducements***

Sales inducements represent benefits paid to contractowners that are incremental to the amounts the Company credits on similar contracts and are higher than the contract's expected ongoing crediting rates for periods after the inducement. As of January 1, 2004, such amounts are reported separately and included in Other Assets on the Consolidated Balance Sheet in accordance with SOP 03-1. Prior to 2004, sales inducements were recorded as a component of DAC on the Consolidated Balance Sheet. Beginning in 2004, sales inducements are amortized as a component of interest credited and other benefits to contractowners using methodologies and assumptions consistent with those used for amortization of DAC.

***Revenue Recognition***

For most annuity contracts, fee income for the cost of insurance, surrenders, expenses, and other fees are recorded as revenue as charges are assessed against contractowners. Other amounts received for these contracts are reflected as deposits and are not recorded as premiums or revenue. Related policy benefits are recorded in relation to the associated premiums or gross profit so that profits are recognized over the expected lives of the contracts. When annuity payments with life contingencies begin under contracts that were initially investment contracts, the accumulated balance in the account is treated as a single premium for the purchase of an annuity and reflected as an offsetting amount in both premiums and current and future benefits on the Consolidated Statements of Operations. Premiums on the Consolidated Statements of Operations primarily represent amounts received for immediate annuities with life contingencies.

***Separate Accounts***

Separate Account assets and liabilities generally represent funds maintained to meet specific investment objectives of contractowners who bear the investment risk, subject, in limited cases, to certain minimum guaranteed rates. Investment income and investment gains and losses generally accrue directly to such contractowners. The assets of each account are legally segregated and are not subject to claims that arise out of any other business of the Company or its affiliates.

Separate Account assets supporting variable options under annuity contracts are invested, as designated by the contractowner or participant (who bears the investment risk subject, in limited cases, to minimum guaranteed rates) under a contract in shares of mutual funds which are managed by the Company or its affiliates, or other selected mutual funds not managed by the Company or its affiliates.

Separate Account assets and liabilities are carried at fair value and shown as separate captions in the Consolidated Balance Sheets. Deposits, investment income and net

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

realized and unrealized capital gains and losses of the Separate Accounts are not reflected in the Consolidated Financial Statements (with the exception of realized and unrealized capital gains and losses on the assets supporting the guaranteed interest option). The Consolidated Statements of Cash Flows do not reflect investment activity of the Separate Accounts.

Assets and liabilities of separate account arrangements that do not meet the criteria in SOP 03-1 for presentation in the separate caption in the Consolidated Balance Sheets (primarily guaranteed interest options), and revenue and expenses related to such arrangements, are consolidated in the financial statements with the general account. At December 31, 2004 and 2003, unrealized gains of \$7.3 and \$55.7, respectively, on assets supporting a guaranteed interest option are reflected in shareholder's equity.

***Reinsurance***

The Company utilizes indemnity reinsurance agreements to reduce its exposure to large losses in all aspects of its insurance business. Such reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Company as direct insurer of the risks reinsured. The Company evaluates the financial strength of potential reinsurers and continually monitors the financial condition of reinsurers. Only those reinsurance recoverable balances deemed probable of recovery are reflected as assets on the Consolidated Balance Sheets. Of the reinsurance recoverable on the Consolidated Balance Sheets, \$2.9 billion and \$3.0 billion at December 31, 2004 and 2003, respectively, is related to the reinsurance recoverable from Lincoln National Corporation ("Lincoln") arising from the sale of the Company's domestic life insurance business in 1998 (See Note 11).

***Income Taxes***

The Company is taxed at regular corporate rates after adjusting income reported for financial statement purposes for certain items. Deferred income tax expenses/benefits result from changes during the year in cumulative temporary differences between the tax basis and book basis of assets and liabilities.



**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

**Investments**

Fixed maturities and equity securities available-for-sale as of December 31, 2004, were as follows:

	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
Fixed maturities:				
U.S. government and government agencies and authorities	\$ 197.3	\$ 0.9	\$ 0.9	\$ 197.3
States, municipalities and political subdivisions	32.1	0.2	0.9	31.4
U.S. corporate securities:				
Public utilities	1,207.6	50.0	5.0	1,252.6
Other corporate securities	5,846.5	275.0	25.4	6,096.1
Total U.S. corporate securities	7,054.1	325.0	30.4	7,348.7
Foreign securities:				
Government	660.2	33.9	3.1	691.0
Other	1,656.4	78.4	6.1	1,728.7
Total foreign securities	2,316.6	112.3	9.2	2,419.7
Residential mortgage-backed securities	5,497.6	65.6	58.2	5,505.0
Commercial mortgage-backed securities	1,491.2	73.2	4.4	1,560.0
Other asset-backed securities	1,354.6	22.6	13.7	1,363.5
Total fixed maturities, including fixed maturities pledged	17,943.5	599.8	117.7	18,425.6
Less: fixed maturities pledged to creditors	1,258.8	18.0	2.5	1,274.3
Fixed maturities	16,684.7	581.8	115.2	17,151.3
Equity securities	153.9	9.2	0.5	162.6
Total investments available-for-sale	<u>\$ 16,838.6</u>	<u>\$ 591.0</u>	<u>\$ 115.7</u>	<u>\$ 17,313.9</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

Fixed maturities and equity securities available-for-sale as of December 31, 2003, were as follows:

	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
Fixed maturities:				
U.S. government and government agencies and authorities	\$ 350.0	\$ 1.7	\$ 0.3	\$ 351.4
States, municipalities and political subdivisions	2.1	0.1	-	2.2
U.S. corporate securities:				
Public utilities	970.7	48.9	11.4	1,008.2
Other corporate securities	5,568.1	327.9	29.1	5,866.9
Total U.S. corporate securities	6,538.8	376.8	40.5	6,875.1
Foreign securities:				
Government	605.2	33.7	2.8	636.1
Other	1,364.7	74.5	11.0	1,428.2
Total foreign securities	1,969.9	108.2	13.8	2,064.3
Residential mortgage-backed securities	5,903.7	91.8	35.1	5,960.4
Commercial mortgage-backed securities	1,278.5	105.0	3.3	1,380.2
Other asset-backed securities	1,036.4	34.0	9.5	1,060.9
Total fixed maturities, including fixed maturities pledged to creditors	17,079.4	717.6	102.5	17,694.5
Less: fixed maturities pledged to creditors	1,624.4	23.8	3.4	1,644.8
Fixed maturities	15,455.0	693.8	99.1	16,049.7
Equity securities	146.5	15.5	0.1	161.9
Total investments available-for-sale	\$ 15,601.5	\$ 709.3	\$ 99.2	\$ 16,211.6

At December 31, 2004 and 2003, net unrealized appreciation of \$490.8 and \$630.5, respectively, on total fixed maturities, including fixed maturities pledged to creditors, and equity securities, included \$357.5 and \$491.5, respectively, related to experience-rated contracts, which were not reflected in shareholder's equity but in future policy benefits and claim reserves.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

The aggregate unrealized losses and related fair values of investments with unrealized losses as of December 31, 2004, are shown below by duration:

	<b>Unrealized Loss</b>	<b>Fair Value</b>
Duration category:		
Less than six months below amortized cost	\$ 37.7	\$ 3,319.0
More than six months and less than twelve months below cost	34.9	1,795.0
More than twelve months below amortized cost	45.6	960.5
Total investments available-for-sale	<u>\$ 118.2</u>	<u>\$ 6,074.5</u>

Of the unrealized losses, less than 6 months in duration of \$37.7, there were \$9.5 in unrealized losses that are primarily related to interest rate movement or spread widening for other than credit-related reasons. The remaining unrealized losses of \$28.2, as of December 31, 2004, related to securities reviewed for impairment under the guidance proscribed by EITF Issue No. 99-20. This category includes U.S. government-backed securities, principal protected securities, and structured securities which did not have an adverse change in cash flows for which the carrying amount was \$1,746.2.

Of the unrealized losses, more than 6 months and less than 12 months in duration, of \$34.9, there were \$16.4 in unrealized losses that are primarily related to interest rate movement or spread widening for other than credit-related reasons. The remaining unrealized losses of \$18.5, as of December 31, 2004, related to securities reviewed for impairment under the guidance proscribed by EITF Issue No. 99-20. This category includes U.S. government-backed securities, principal protected securities, and structured securities which did not have an adverse change in cash flows for which the carrying amount was \$829.2.

An analysis of the unrealized losses, more than 12 months in duration, of \$45.6 follows. There were \$15.9 in unrealized losses that are primarily related to interest rate movement or spread widening for other than credit-related reasons. The remaining unrealized losses of \$29.7, as of December 31, 2004, related to securities reviewed for impairment under the guidance proscribed by EITF Issue No. 99-20. This category includes U.S. government-backed securities, principal protected securities, and structured securities which did not have an adverse change in cash flows for which the carrying amount was \$505.6.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

The amortized cost and fair value of total fixed maturities for the year ended December 31, 2004 are shown below by contractual maturity. Actual maturities may differ from contractual maturities because securities may be restructured, called, or prepaid.

	<b>Amortized Cost</b>	<b>Fair Value</b>
Due to mature:		
One year or less	\$ 395.8	\$ 400.0
After one year through five years	3,650.0	3,727.4
After five years through ten years	3,128.8	3,256.4
After ten years	2,425.5	2,613.3
Mortgage-backed securities	6,988.8	7,065.0
Other asset-backed securities	1,354.6	1,363.5
Less: fixed maturities pledged to creditors	1,258.8	1,274.3
Fixed maturities	<u>\$ 16,684.7</u>	<u>\$ 17,151.3</u>

At December 31, 2004 and 2003, fixed maturities with carrying values of \$10.9 and \$11.2, respectively, were on deposit as required by regulatory authorities.

The Company did not have any investments in a single issuer, other than obligations of the U.S. government, with a carrying value in excess of 10% of the Company's shareholder's equity at December 31, 2004 or 2003.

The Company has various categories of CMOs that are subject to different degrees of risk from changes in interest rates and, for CMOs that are not agency-backed, defaults. The principal risks inherent in holding CMOs are prepayment and extension risks related to dramatic decreases and increases in interest rates resulting in the repayment of principal from the underlying mortgages either earlier or later than originally anticipated. At December 31, 2004 and 2003, approximately 4.1% and 2.8%, respectively, of the Company's CMO holdings were invested in types of CMOs which are subject to more prepayment and extension risk than traditional CMOs (such as interest-only or principal-only strips).

The Company enters into dollar repurchase agreements ("dollar rolls") and repurchase agreements to increase its return on investments and improve liquidity. At December 31, 2004 and 2003, the carrying value of the securities pledged in dollar rolls and repurchase agreements was \$1,274.3 and \$1,644.8, respectively. The carrying value of the securities pledged in dollar rolls and repurchase agreements is included in pledged securities on the Balance Sheets. The repurchase obligation related to dollar rolls and repurchase agreements totaled \$1,057.4 and \$1,519.3 at December 31, 2004 and 2003, respectively. The repurchase obligation related to dollar rolls and repurchase agreements is included in borrowed money on the Consolidated Balance Sheets.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

***Impairments***

The following table identifies the Company's other-than-temporary impairments by type as of December 31:

	<b>2004</b>		<b>2003</b>		<b>2002</b>	
	<b>No. of</b>		<b>No. of</b>		<b>No. of</b>	
	<b>Impairment</b>	<b>Securities</b>	<b>Impairment</b>	<b>Securities</b>	<b>Impairment</b>	<b>Securities</b>
U.S. Corporate	\$ -	-	\$ 6.2	4	\$ 0.1	2
Residential mortgage-backed	13.5	53	88.2	83	40.0	33
Limited partnership	-	-	2.0	1		
Equities	-	-	-	2	0.1	2
Total	<u>\$ 13.5</u>	<u>53</u>	<u>\$ 96.4</u>	<u>90</u>	<u>\$ 40.2</u>	<u>37</u>

The remaining fair value of the fixed maturities with other-than-temporary impairments at December 31, 2004 and 2003 is \$125.0 and \$123.1, respectively.

***Net Investment Income***

Sources of net investment income were as follows:

	<b>Year ended December 31,</b>		
	<b>2004</b>	<b>2003</b>	<b>2002</b>
Fixed maturities	\$ 980.5	\$ 946.2	\$ 964.1
Preferred stock	-	9.9	3.9
Mortgage loans on real estate	56.0	42.7	23.3
Policy loans	8.1	9.0	8.7
Cash equivalents	2.4	1.7	1.7
Other	(2.1)	(1.0)	23.4
Gross investment income	1,044.9	1,008.5	1,025.1
Less: investment expenses	61.8	89.4	65.6
Net investment income	<u>\$ 983.1</u>	<u>\$ 919.1</u>	<u>\$ 959.5</u>

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

***Net Realized Capital Gains and Losses***

Net realized capital gains (losses) are comprised of the difference between the carrying value of investments and proceeds from sale, maturity, and redemption, as well as losses incurred due to impairment of investments. Net realized capital gains (losses) on investments were as follows:

	<b>Year ended December 31,</b>		
	<b>2004</b>	<b>2003</b>	<b>2002</b>
Fixed maturities	\$ 24.7	\$ 63.9	\$ (97.5)
Equity securities	0.5	0.6	(3.5)
Pretax net realized capital gains (losses)	<u>\$ 25.2</u>	<u>\$ 64.5</u>	<u>\$ (101.0)</u>
After-tax net realized capital gains (losses)	<u>\$ 16.4</u>	<u>\$ 41.9</u>	<u>\$ 65.7</u>

Net realized capital gains allocated to experience-rated contracts of \$42.0, \$43.9, and \$63.6 for the years ended December 31, 2004, 2003 and 2002, respectively, were deducted from net realized capital gains and an offsetting amount was reflected in future policy benefits and claim reserves on the Consolidated Balance Sheets. Net unamortized realized gains (losses) allocated to experienced-rated contractholders were \$233.4, \$213.7, and \$199.3 at December 31, 2004, 2003 and 2002, respectively.

Proceeds from the sale of fixed maturities and equity securities and the related gross gains and losses, excluding those related to experience-related contractholders, were as follows:

	<b>Year ended December 31,</b>		
	<b>2004</b>	<b>2003</b>	<b>2002</b>
Proceeds on sales	\$ 10,236.3	\$ 12,812.5	\$ 13,265.2
Gross gains	146.9	291.9	276.7
Gross losses	70.9	228.0	374.2

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

Changes in shareholder's equity related to changes in accumulated other comprehensive income (net unrealized capital gains and losses on securities, including securities pledged excluding those related to experience-rated contractholders) were as follows:

	Year ended December 31,		
	2004	2003	2002
Fixed maturities	\$ 16.1	\$ (54.3)	\$ 104.8
Equity securities	(5.7)	17.9	(1.6)
Sales inducements	(0.1)	-	-
Other	(59.8)	34.0	(8.3)
Subtotal	(49.5)	(2.4)	94.9
Less: (Increase) decrease in deferred income taxes	(17.3)	(0.9)	33.2
Net increase (decrease) in accumulated other comprehensive (loss) income	<u>\$ (32.2)</u>	<u>\$ (1.5)</u>	<u>\$ 61.7</u>

## **2. Financial Instruments**

### **Estimated Fair Value**

The following disclosures are made in accordance with the requirements of FAS No. 107, "Disclosures about Fair Value of Financial Instruments." FAS No. 107 requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates, in many cases, could not be realized in immediate settlement of the instrument.

FAS No. 107 excludes certain financial instruments, including insurance contracts, and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The following valuation methods and assumptions were used by the Company in estimating the fair value of the following financial instruments:

*Fixed maturities:* The fair values for the actively traded marketable bonds are determined based upon the quoted market prices. The fair values for marketable bonds without an active market are obtained through several commercial pricing services which provide the estimated fair values. Fair values of privately placed bonds are determined using a matrix-based pricing model. The model considers the current level of risk-free interest rates, current corporate spreads, the credit quality of the issuer, and cash flow characteristics of the security. Also considered are factors such as the net worth of the

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

borrower, the value of collateral, the capital structure of the borrower, the presence of guarantees, and the Company's evaluation of the borrower's ability to compete in their relevant market. Using this data, the model generates estimated market values which the Company considers reflective of the fair value of each privately placed bond.

*Equity securities:* Fair values of these securities are based upon quoted market price.

*Mortgage loans on real estate:* The fair values for mortgage loans on real estate are estimated using discounted cash flow analyses and rates currently being offered in the marketplace for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations.

*Cash and cash equivalents, short-term investments and policy loans:* The carrying amounts for these assets approximate the assets' fair values.

*Assets held in separate accounts:* Assets held in separate accounts are reported at the quoted fair values of the individual securities in the separate accounts.

*Investment contract liabilities (included in future policy benefits and claim reserves):*

*With a fixed maturity:* Fair value is estimated by discounting cash flows at interest rates currently being offered by, or available to, the Company for similar contracts.

*Without a fixed maturity:* Fair value is estimated as the amount payable to the contractowners upon demand. However, the Company has the right under such contracts to delay payment of withdrawals which may ultimately result in paying an amount different than that determined to be payable on demand.

*Liabilities related to separate accounts:* The carrying amounts for these liabilities approximate their fair value.



**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

The carrying values and estimated fair values of certain of the Company's financial instruments at December 31, 2004 and 2003 were as follows:

	<b>2004</b>		<b>2003</b>	
	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>
Assets:				
Fixed maturity securities, including				
securities pledged	\$ 18,425.6	\$ 18,425.6	\$ 17,694.5	\$ 17,694.5
Equity securities	162.6	162.6	161.9	161.9
Mortgage loans on real estate	1,090.2	1,119.8	754.5	798.5
Policy loans	262.7	262.7	270.3	270.3
Cash and cash equivalents	187.3	187.3	57.8	57.8
Assets held in Separate Accounts	33,310.5	33,310.5	33,014.7	33,014.7
Liabilities:				
Investment contract liabilities:				
With a fixed maturity	2,106.0	2,028.2	2,282.9	2,259.4
Without a fixed maturity	13,884.9	13,845.6	12,936.9	12,892.0
Liabilities related to Separate Accounts	33,310.5	33,310.5	33,014.7	33,014.7

Fair value estimates are made at a specific point in time, based on available market information and judgments about various financial instruments, such as estimates of timing and amounts of future cash flows. Such estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument, nor do they consider the tax impact of the realization of unrealized gains or losses. In many cases, the fair value estimates cannot be substantiated by comparison to independent markets, nor can the disclosed value be realized in immediate settlement of the instruments. In evaluating the Company's management of interest rate, price and liquidity risks, the fair values of all assets and liabilities should be taken into consideration, not only those presented above.

**Derivative Financial Instruments**

*Interest Rate Floors*

Interest rate floors are used to manage the interest rate risk in the Company's bond portfolio. Interest rate floors are purchased contracts that provide the Company with an annuity in a declining interest rate environment. The Company had no open interest rate floors at December 31, 2004 or 2003.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

*Interest Rate Caps*

Interest rate caps are used to manage the interest rate risk in the Company's bond portfolio. Interest rate caps are purchased contracts that provide the Company with an annuity in an increasing interest rate environment. The notional amount, carrying value and estimated fair value of the Company's open interest rate caps as of December 31, 2004 were \$527.8, \$5.9, and \$5.9, respectively. The notional amount, carrying value and estimated fair value of the Company's open interest rate caps as of December 31, 2003 were \$739.6, \$8.2, and \$8.2, respectively.

*Interest Rate Swaps*

Interest rate swaps are used to manage the interest rate risk in the Company's bond portfolio and well as the Company's liabilities. Interest rate swaps represent contracts that require the exchange of cash flows at regular interim periods, typically monthly or quarterly. The notional amount, carrying value and estimated fair value of the Company's open interest rate swaps as of December 31, 2004 were \$1,766.0, \$2.1, and \$2.1, respectively. The notional amount, carrying value and estimated fair value of the Company's open interest rate swaps as of December 31, 2003 were \$950.0, \$(14.4), and \$(14.4), respectively.

*Foreign Exchange Swaps*

Foreign exchange swaps are used to reduce the risk of a change in the value, yield, or cash flow with respect to invested assets. Foreign exchange swaps represent contracts that require the exchange of foreign currency cash flows for US dollar cash flows at regular interim periods, typically quarterly or semi-annually. The notional amount, carrying value, and estimated fair value of the Company's open foreign exchange rate swaps as of December 31, 2004 were \$126.5, \$(28.4), and \$(28.4), respectively. The notional amount, carrying value and estimated fair value of the Company's open foreign exchange rate swaps as of December 31, 2003 were \$78.1, \$(12.8), and \$(12.8), respectively.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

**3. Deferred Policy Acquisition Costs and Value of Business Acquired**

Activity for the year-ended December 31, 2004, 2003 and 2002 within VOBA was as follows:

Balance at December 31, 2001	\$ 1,601.8
Adjustment for unrealized gain (loss)	(21.9)
Additions	25.0
Interest accrued at 7%	86.8
Amortization	<u>(253.3)</u>
Balance at December 31, 2002	1,438.4
Adjustment for unrealized gain (loss)	6.2
Additions	59.1
Interest accrued at 7%	92.2
Amortization	<u>(180.5)</u>
Balance at December 31, 2003	1,415.4
Adjustment for unrealized gain (loss)	7.9
Additions	50.1
Interest accrued at 6%	92.3
Amortization	<u>(200.5)</u>
Balance at December 31, 2004	<u><u>\$ 1,365.2</u></u>

The estimated amount of VOBA to be amortized, net of interest, over the next five years is \$112.2, \$105.8, \$97.4, \$92.4, and \$90.6 for the years 2005, 2006, 2007, 2008 and 2009, respectively. Actual amortization incurred during these years may vary as assumptions are modified to incorporate actual results.

During 2004, VOBA amortization increased principally due to higher actual gross profits, as a result of the margins earned on higher fixed and variable assets and fewer other-than-temporary impairments. Also, surrenders increased, which resulted in higher amortization for certain business.

During 2003 the Company reset long-term assumptions for the Separate Account returns from 9.0% to 8.5% (gross before fund management fees and mortality, expense, and other policy charges), reflecting a blended return of equity and other sub-accounts. The 2003 unlocking adjustment was primarily driven by improved market performance compared to expected during 2003. For the year ended December 31, 2003, the Company recorded a deceleration of DAC/VOBA amortization totaling \$3.7 before tax, or \$2.4, net of \$1.3 of federal income tax expense.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

As part of the regular analysis of DAC/VOBA, at the end of third quarter of 2002, the Company unlocked its long-term rate of return assumptions. The Company reset long-term return assumptions for the Separate Account returns to 9.0% (gross before fund management fees and mortality, expense, and other policy charges), as of December 31, 2002, reflecting a blended return of equity and other sub-accounts. The unlocking adjustment in 2002 was primarily driven by the sustained downturn in the equity markets and revised expectations for future returns. During 2002, the Company recorded an acceleration of DAC/VOBA amortization totaling \$45.6 before tax, or \$29.7, net of \$15.9 of federal income tax benefit.

**4. Dividend Restrictions and Shareholder's Equity**

The Company's ability to pay dividends to its parent is subject to the prior approval of insurance regulatory authorities of the State of Connecticut for payment of any dividend, which, when combined with other dividends paid within the preceding 12 months, exceeds the greater of (1) 10% of statutory surplus at prior year end or (2) ILIAC's prior year statutory net gain from operations.

ILIAC paid a cash dividend of \$70.0 to Lion in 2004 and did not pay cash dividends to Lion in 2003 or 2002. However, on February 28, 2002, ILIAC contributed 100% of the stock of IA Holdco to HOLDCO in the form of a \$60.1 dividend distribution. ILIAC did not receive capital contributions from its parent in 2004 and received \$230.0 and \$164.3 in capital contributions during 2003 and 2002, respectively.

The Insurance Department of the State of Connecticut (the "Department") recognizes as net income and capital and surplus those amounts determined in conformity with statutory accounting practices prescribed or permitted by the Department, which differ in certain respects from accounting principles generally accepted in the United States. Statutory net income (loss) was \$217.2, \$67.5, and \$148.8 for the years ended December 31, 2004, 2003, and 2002, respectively. Statutory capital and surplus was \$1,344.5 and \$1,230.7 as of December 31, 2004 and 2003, respectively.

As of December 31, 2004, the Company did not utilize any statutory accounting practices, which are not prescribed by state regulatory authorities that, individually or in the aggregate, materially affect statutory capital and surplus.

**5. Additional Insurance Benefits and Minimum Guarantees**

Under SOP 03-1, the Company calculates an additional liability ("SOP reserves") for certain guaranteed minimum death benefits ("GMDBs") in order to recognize the expected value of death benefits in excess of the projected account balance over the accumulation period based on total expected assessments.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

The Company regularly evaluates estimates used to adjust the additional liability balance, with a related charge or credit to benefit expense, if actual experience or other evidence suggests that earlier assumptions should be revised.

As of December 31, 2004, the Separate Account liability subject to SOP 03-1 for guaranteed minimum benefits and the additional liability recognized related to minimum guarantees was \$4,396.0 and \$0.7, respectively.

The aggregate fair value of equity securities (including mutual funds) supporting separate accounts with additional insurance benefits and minimum investment return guarantees as of December 31, 2004 was \$4,396.0.

**6. Income Taxes**

ILIAC files a consolidated federal income tax return with its subsidiary, IICA. ILIAC has a federal tax allocation agreement with IICA whereby ILIAC charges its subsidiary for federal taxes it would have incurred were it not a member of the consolidated group and credits IICA for losses at the statutory federal tax rate.

Income taxes (benefits) from continuing operations consist of the following:

	<b>Year ended December 31,</b>		
	<b>2004</b>	<b>2003</b>	<b>2002</b>
Current tax expense (benefit):			
Federal	\$ (3.8)	\$ 37.9	\$ 40.4
State	-	1.1	1.8
Total current tax expense (benefit)	(3.8)	39.0	42.2
Deferred tax expense (benefit):			
Federal	46.2	22.1	(23.6)
Total deferred tax expense (benefit)	46.2	22.1	(23.6)
Total income tax expense (benefit)	\$ 42.4	\$ 61.1	\$ 18.6

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

Income taxes were different from the amount computed by applying the federal income tax rate to income from continuing operations before income taxes for the following reasons:

	<b>Year ended December 31,</b>		
	<b>2004</b>	<b>2003</b>	<b>2002</b>
Income before income taxes and cumulative effect of change in accounting principle	\$ 241.7	\$ 215.7	\$ 86.1
Tax rate	35%	35%	35%
Income tax at federal statutory rate	84.6	75.5	30.1
Tax effect of:			
State income tax, net of federal benefit	-	0.7	1.2
Dividends received deduction	(9.6)	(14.0)	(5.3)
IRS audit settlement	(33.0)		
Transfer of mutual fund shares	-	-	(6.7)
Other, net	0.4	(1.1)	(0.7)
Income tax expense	<u>\$ 42.4</u>	<u>\$ 61.1</u>	<u>\$ 18.6</u>

The tax effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities at December 31, are presented below:

	<b>2004</b>	<b>2003</b>
Deferred tax assets:		
Insurance reserves	\$ 286.4	\$ 263.7
Unrealized gains allocable to experience-rated contracts	125.1	172.0
Investments	-	69.7
Postemployment benefits	60.5	30.2
Compensation	35.5	56.0
Other, net	23.4	19.7
Total gross assets	<u>530.9</u>	<u>611.3</u>
Deferred tax liabilities:		
Value of business acquired	477.8	495.4
Net unrealized capital gains	161.3	236.4
Deferred policy acquisition costs	91.3	59.2
Other, net	9.8	5.0
Total gross liabilities	<u>740.2</u>	<u>796.0</u>
Net deferred tax liability	<u>\$ 209.3</u>	<u>\$ 184.7</u>

Net unrealized capital gains and losses are presented as a component of Other Comprehensive Income in shareholder's equity, net of deferred taxes.

Under prior law, the Company was allowed to defer from taxation a portion of income. The deferred income was accumulated in the Policyholders' Surplus Account and only becomes taxable under certain conditions, which management believes to be remote.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

Furthermore, the American Jobs Creation Act of 2004 allows certain tax-free distributions from the Policyholders' Surplus Account during 2005 and 2006. Therefore, based on currently available information, no federal income taxes have been provided on the Policyholders' Surplus Account accumulated balance of \$17.2 million.

Valuation allowances are provided when it is considered more likely than not that deferred tax assets will not be realized. No valuation allowance has been established at this time, as management believes the above conditions presently do not exist.

The Company establishes reserves for probable proposed adjustments by various taxing authorities. Management believes there are sufficient reserves provided for, or adequate defenses against any such adjustments. The Internal Revenue Service (the "Service") has completed examinations of the federal income tax returns of the Company for all years through the December 13, 2000 short period. The tax benefit associated with the settlement of the most recent audit is included in the 2004 financial statements. The Service has commenced its examination for the tax years ended December 31, 2000 and 2001. Additionally, various state tax audits are in process.

**7. Benefit Plans**

***Defined Benefit Plan***

ING North America Insurance Corporation ("ING North America") sponsors the ING Americas Retirement Plan (the "Retirement Plan"), effective as of December 31, 2001. Substantially all employees of ING North America and its subsidiaries and affiliates (excluding certain employees) are eligible to participate, including the Company's employees other than Company agents.

The Retirement Plan is a tax-qualified defined benefit plan, the benefits of which are guaranteed (within certain specified legal limits) by the Pension Benefit Guaranty Corporation ("PBGC"). As of January 1, 2002, each participant in the Retirement Plan (except for certain specified employees) earns a benefit under a final average compensation formula. Subsequent to December 31, 2001, ING North America is responsible for all Retirement Plan liabilities. The costs allocated to the Company for its employees' participation in the Retirement Plan were \$19.0 for 2004, \$15.1 for 2003, and \$6.4 for 2002, respectively.

***Defined Contribution Plan***

ING North America sponsors the ING Savings Plan and ESOP (the "Savings Plan"). Substantially all employees of ING North America and its subsidiaries and affiliates (excluding certain employees, including but not limited to Career Agents) are eligible to participate, including the Company's employees other than Company agents. Career

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

Agents are certain, full-time insurance salesmen who have entered into a career agent agreement with the Company and certain other individuals who meet specified eligibility criteria. The Savings Plan is a tax-qualified profit sharing and stock bonus plan, which includes an employee stock ownership plan (“ESOP”) component. Savings Plan benefits are not guaranteed by the PBGC. The Savings Plan allows eligible participants to defer into the Savings Plan a specified percentage of eligible compensation on a pre-tax basis. ING North America matches such pre-tax contributions, up to a maximum of 6% of eligible compensation. All matching contributions are subject to a 4-year graded vesting schedule (although certain specified participants are subject to a 5-year graded vesting schedule). All contributions made to the Savings Plan are subject to certain limits imposed by applicable law. Pre-tax charges of operations of the Company for the Savings Plan were \$8.0, \$7.1 and \$7.1 in 2004, 2003, and 2002, respectively.

***Other Benefit Plans***

The Company also sponsors a tax-qualified profit sharing plan for Career Agents that is intended to satisfy the requirements of Code Section 401(K).

In addition to providing retirement plan benefits, the Company, in conjunction with ING North America, provides certain supplemental retirement benefits to eligible employees; defined benefit pension plans for insurance salesmen who have entered into a career agent agreement and certain other individuals; and health care and life insurance benefits to retired employees and their eligible dependents. The supplemental retirement plan and defined benefit pension plan are non-qualified defined benefit pension plans, which means all benefits are payable from the general assets of the Company. The post-retirement health care plan is contributory, with retiree contribution levels adjusted annually. The defined benefit plan for salesmen was terminated effective January 1, 2002, and all benefit accruals ceased. The life insurance plan provides a flat amount of noncontributory coverage and optional contributory coverage. The benefit charges allocated to the Company related to all of these plans for the years ended December 31, 2004, 2003, and 2002, were not significant.

**8. Related Party Transactions**

***Operating Agreements***

ILIAC has certain agreements whereby it incurs expenses with affiliated entities. The agreements are as follows:

- Investment advisory agreement with ING Investment Management LLC (“IIM”), in which IIM provides asset management and accounting services. The Company records a fee, which is paid quarterly, based on the value of the assets under management. For the years ended December 31, 2004, 2003, and 2002, expenses were incurred in the amounts of \$58.8, \$53.8, and \$46.5, respectively.



**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

- Services agreement between the Company and its affiliates effective January 2001, and amended effective January 1, 2002. For the years ended December 31, 2004, 2003, and 2002, net expenses related to the agreement were incurred in the amount of \$8.6, \$19.2, and \$13.4, respectively.
- Expense sharing agreement with ING North America Insurance Corporation, Inc., dated as of January 1, 2001, as amended effective January 1, 2002, for administrative, management, financial, and information technology services. For the years ended December 31, 2004, 2003, and 2002, expenses were incurred in the amounts of \$132.9, \$136.4, and \$126.0, respectively.

Management and service contracts and all cost sharing arrangements with other affiliated companies are allocated in accordance with the Company's expense and cost allocation methods.

***Investment Advisory and Other Fees***

ILIAC serves as investment advisor to certain variable funds used in Company products (collectively, the "Company Funds"). The Company Funds pay ILIAC, as investment advisor, a daily fee which, on an annual basis, ranged, depending on the Fund, from 0.5% to 1.0% of their average daily net assets. Each of the Company Funds managed by ILIAC are subadvised by investment advisors, in which case ILIAC pays a subadvisory fee to the investment advisors, which may include affiliates. ILIAC is also compensated by the Separate Accounts for bearing mortality and expense risks pertaining to variable life and annuity contracts. Under the insurance and annuity contracts, the Separate Accounts pay ILIAC a daily fee, which, on an annual basis is, depending on the product, up to 3.4% of their average daily net assets. The amount of compensation and fees received from affiliated mutual funds and separate accounts, amounted to \$209.2, \$201.4 (excludes fees paid to Aeltus Investment Management, Inc., now known as ING Investment Management LLP ("Aeltus")), and \$391.8 (includes fees paid to Aeltus through February 28, 2002, when IA Holdco, Aeltus' parent, ceased to be a subsidiary of ILIAC) in 2004, 2003, and 2002, respectively.

***Reciprocal Loan Agreement***

ILIAC maintains a reciprocal loan agreement with ING AIH, an indirect wholly-owned subsidiary of ING and affiliate to ILIAC, to facilitate the handling of unusual and/or unanticipated short-term cash requirements. Under this agreement, which became effective in June 2001 and expires on April 1, 2011, ILIAC and ING AIH can borrow up to 3% of ILIAC's statutory admitted assets as of the preceding December 31 from one another. Interest on any ILIAC borrowings is charged at the rate of ING AIH's cost of funds for the interest period plus 0.15%. Interest on any ING AIH borrowings is charged at a rate based on the prevailing interest rate of U.S. commercial paper available for purchase with a similar duration. Under this agreement, ILIAC incurred interest expense

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

of \$0.2, \$0.1, and \$0.1, for the years ended December 31, 2004, 2003, and 2002, respectively, and earned interest income of \$1.3, \$0.9, and \$2.1 for the years ended December 31, 2004, 2003, and 2002, respectively. At December 31, 2004 and 2003, respectively, ILIAC had a \$25.0 and \$41.4 receivable from ING AIH under this agreement.

***Notes from Affiliate***

On December 29, 2004, ING USA Annuity and Life Insurance Company (“ING USA”) issued surplus notes in the aggregate principal amount of \$400.0 (the “Notes”) scheduled to mature on December 29, 2034, to its affiliates, ILIAC, ReliaStar Life Insurance Company (“ReliaStar Life”), and Security Life of Denver International Limited (“SLDI”), in an offering that was exempt from the registration requirements of the Securities Act of 1933. The Company’s \$175.0 Notes Receivable from ING USA bears interest at a rate of 6.257% per year. Any payment of principal and/or interest is subject to the prior approval of the Insurance Commissioner of the state of Iowa. Interest is scheduled to be paid semi-annually in arrears on June 29 and December 29 of each year, commencing on June 29, 2005.

***Tax Sharing Agreements***

ILIAC has a federal tax sharing agreement with IICA, whereby ILIAC charges its subsidiary for federal taxes it would have incurred were it not a member of the consolidated group and credits the member for losses at the statutory federal tax rate.

ILIAC has also entered into a state tax sharing agreement with ING AIH and each of the specific subsidiaries that are parties to the agreement. The state tax agreement applies to situations in which ING AIH and all or some of the subsidiaries join in the filing of a state or local franchise, income tax, or other tax return on a consolidated, combined, or unitary basis.

***Capital Transactions and Dividends***

In 2004, ILIAC did not receive any capital contributions. In 2003, ILIAC received \$230.0 in cash capital contributions from Lion. In 2002, ILIAC received capital contributions in the form of investments in affiliated mutual funds of \$164.3 from HOLDCO.

ILIAC paid a cash dividend of \$70.0 to Lion in 2004 and did not pay any cash dividends to Lion in 2003 or 2002. However, on February 28, 2002, ILIAC contributed 100% of the stock of IA Holdco to HOLDCO in the form of a \$60.1 dividend distribution.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

**9. Financing Agreements**

The Company maintains a revolving loan agreement with SunTrust Bank, Atlanta (the "Bank"). Under this agreement, which is due on demand, the Company can borrow up to \$125.0 from the Bank. Interest on any borrowing accrues at an annual rate equal to (1) the cost of funds for the Bank for the period applicable for the advance plus .225% or (2) a rate quoted by the Bank to the Company for the borrowing. Under the agreement, the Company incurred minimal interest expense for the years ended December 31, 2004, 2003, and 2002, respectively. At December 31, 2004 and 2003, the Company did not have any balances payable to the Bank.

The Company also maintains a perpetual revolving loan agreement with Bank of New York ("BONY"). Under this agreement, the Company can borrow up to \$100.0 from BONY. Interest on any of the Company borrowing accrues at an annual rate equal to (1) the cost of funds for BONY for the period applicable for the advance plus .35% or (2) a rate quoted by BONY to the Company for the borrowing. Under this agreement, the Company incurred minimal interest expense for the years ended December 31, 2004, 2003, and 2002. At December 31, 2004 and 2003, the Company did not have any balances payable to BONY.

Also see Reciprocal Loan Agreement in Note 9.

**10. Reinsurance**

At December 31, 2004, the Company had reinsurance treaties with six unaffiliated reinsurers and one affiliated reinsurer covering a significant portion of the mortality risks and guaranteed death and living benefits under its variable contracts. The Company remains liable to the extent its reinsurers do not meet their obligations under the reinsurance agreements.

On October 1, 1998, the Company sold its domestic individual life insurance business to Lincoln for \$1.0 billion in cash. The transaction is generally in the form of an indemnity reinsurance arrangement, under which Lincoln contractually assumed from the Company certain policyholder liabilities and obligations, although the Company remains directly obligated to contractowners.

Effective January 1, 1998, 90% of the mortality risk on substantially all individual universal life product business written from June 1, 1991 through October 31, 1997 was reinsured externally. Beginning November 1, 1997, 90% of new business written on these products was reinsured externally. Effective October 1, 1998 this agreement was assigned from the third party reinsurer to Lincoln.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

Effective December 31, 1988, the Company entered into a modified coinsurance reinsurance agreement (“MODCO”) with Aetna Life Insurance Company (“Aetna Life”), (formerly an affiliate of the Company), in which substantially all of the nonparticipating individual life and annuity business written by Aetna Life prior to 1981 was assumed by the Company. Effective January 1, 1997, this agreement was amended to transition (based on underlying investment rollover in Aetna Life) from a modified coinsurance arrangement to a coinsurance agreement. As a result of this change, reserves were ceded to the Company from Aetna Life as investment rollover occurred. Effective October 1, 1998, this agreement was fully transitioned to a coinsurance arrangement and this business along with the Company’s direct individual life insurance business, with the exception of certain supplemental contracts with reserves of \$61.1 and \$63.8 as of December 31, 2004 and 2003, respectively, was sold to Lincoln.

On December 16, 1988, the Company assumed \$25.0 of premium revenue from Aetna Life, for the purchase and administration of a life contingent single premium variable payout annuity contract. In addition, the Company is also responsible for administering fixed annuity payments that are made to annuitants receiving variable payments. Reserves of \$19.3 and \$20.4 were maintained for this contract as of December 31, 2004 and 2003, respectively.

The effect of reinsurance on premiums and recoveries for the years ended December 31, 2004, 2003 and 2002, were as follows:

	Year ended December 31,		
	2004	2003	2002
Direct premiums	\$ 39.0	\$ 51.1	\$ 55.9
Reinsurance assumed	-	0.1	-
Reinsurance ceded	(0.5)	(1.1)	(2.0)
Net premiums	<u>\$ 38.5</u>	<u>\$ 50.1</u>	<u>\$ 53.9</u>

## **11. Commitments and Contingent Liabilities**

### ***Leases***

The Company leases its office space and certain other equipment under operating leases that expire through 2009.

For the years ended December 31, 2004, 2003, and 2002, rent expense for leases was \$18.1, \$20.8 and \$18.1, respectively. The future net minimum payments under noncancelable leases for the years ended December 31, 2005 through 2009 are estimated to be \$16.7, \$15.4, \$14.0, \$1.3, and \$0.5, respectively, and \$0.1 thereafter. The Company pays substantially all expenses associated with its leased and subleased office properties. Expenses not paid directly by the Company are paid for by an affiliate and allocated back to the Company.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

***Commitments***

Through the normal course of investment operations, the Company commits to either purchase or sell securities, commercial mortgage loans or money market instruments at a specified future date and at a specified price or yield. The inability of counterparties to honor these commitments may result in either a higher or lower replacement cost. Also, there is likely to be a change in the value of the securities underlying the commitments. At December 31, 2004, the Company had off-balance sheet commitments to purchase investments of \$778.2 with an estimated fair value of \$778.2.

***Litigation***

The Company is a party to threatened or pending lawsuits/arbitrations arising from the normal conduct of business. Due to the climate in insurance and business litigation/arbitration, suits against the Company sometimes include claims for substantial compensatory, consequential or punitive damages and other types of relief. Moreover, certain claims are asserted as class actions, purporting to represent a group of similarly situated individuals. While it is not possible to forecast the outcome of such lawsuits/arbitrations, in light of existing insurance, reinsurance and established reserves, it is the opinion of management that the disposition of such lawsuits/arbitrations will not have a materially adverse effect on the Company's operations or financial position.

***Regulatory Matters***

As with many financial services companies, the Company and its affiliates have received informal and formal requests for information from various state and federal governmental agencies and self-regulatory organizations in connection with inquiries and investigations of the products and practices of the financial services industry. In each case, the Company and its affiliates have been and are providing full cooperation.

***Fund Regulatory Issues***

Since 2002, there has been increased governmental and regulatory activity relating to mutual funds and variable insurance products. This activity has primarily focused on inappropriate trading of fund shares, revenue sharing and directed brokerage, compensation, sales practices and suitability, arrangements with service providers, pricing, compliance and controls, and adequacy of disclosure.

In addition to responding to governmental and regulatory requests on fund regulatory issues, ING management, on its own initiative, conducted, through special counsel and a national accounting firm, an extensive internal review of mutual fund trading in ING insurance, retirement, and mutual fund products. The goal of this review was to identify any instances of inappropriate trading in those products by third parties or by ING investment professionals and other ING personnel.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

The internal review identified several isolated arrangements allowing third parties to engage in frequent trading of mutual funds within the variable insurance and mutual fund products of certain affiliates of the Company, and identified other circumstances where frequent trading occurred despite measures taken by ING intended to combat market timing. Each of the arrangements has been terminated and disclosed to regulators, to the independent trustees of ING Funds (U.S.) and in Company reports previously filed with the Securities and Exchange Commission (“SEC”) pursuant to the Securities Exchange Act of 1934, as amended.

An affiliate of the Company, ING Funds Distributors, LLC (“IFD”) has received notice from the staff of the National Association of Securities Dealers (“NASD”) that the staff has made a preliminary determination to recommend that disciplinary action be brought against IFD and one of its registered persons for violations of the NASD Conduct Rules and federal securities laws in connection with frequent trading arrangements.

Other regulators, including the SEC and the New York Attorney General, are also likely to take some action with respect to certain ING affiliates before concluding their investigation of ING relating to fund trading. The potential outcome of such action is difficult to predict but could subject certain affiliates to adverse consequences, including, but not limited to, settlement payments, penalties, and other financial liability. It is not currently anticipated, however, that the actual outcome of such action will have a material adverse effect on ING or ING’s U.S.-based operations, including the Company.

ING has agreed to indemnify and hold harmless the ING Funds from all damages resulting from wrongful conduct by ING or its employees or from ING’s internal investigation, any investigations conducted by any governmental or self-regulatory agencies, litigation or other formal proceedings, including any proceedings by the SEC. Management reported to the ING Funds Board that ING management believes that the total amount of any indemnification obligations will not be material to ING or ING’s U.S.-based operations, including the Company.

*Other Regulatory Matters*

The New York Attorney General and other regulators are also conducting broad inquiries and investigations involving the insurance industry. These initiatives currently focus on, among other things, compensation and other sales incentives, potential conflicts of interest, potential anti-competitive activity, marketing practices, certain financial reinsurance arrangements, and disclosure. It is likely that the scope of these investigations will further broaden before the investigations are concluded. U.S. affiliates of ING have received formal and informal requests in connection with such investigations, and are cooperating fully with each request for information.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

These initiatives may result in new legislation and regulation that could significantly affect the financial services industry, including businesses in which the Company is engaged.

In light of these and other developments, U.S. affiliates of ING, including the Company, periodically review whether modifications to their business practices are appropriate.

**12. Other Comprehensive Income**

The components of other comprehensive income for the years ended December 31, 2004 and 2003 were as follows:

	<b>As of December 31,</b>	
	<b>2004</b>	<b>2003</b>
Net unrealized capital gains (losses):		
Fixed maturities	\$ 124.6	\$ 108.5
Equity securities	8.7	14.4
Sales inducements	(0.1)	-
Other	(8.2)	51.6
Subtotal	125.0	174.5
Less: Deferred income taxes	41.2	58.5
Net unrealized capital gains	83.8	116.0
Minimum pension liability	(16.7)	-
Net accumulated other comprehensive income	\$ 67.1	\$ 116.0

Net unrealized capital gains allocated to experience-rated contracts of \$357.5 and \$491.5 at December 31, 2004 and 2003, respectively, are reflected on the Consolidated Balance Sheets in future policy benefits and claims reserves and are not included in shareholder's equity.

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

Changes in accumulated other comprehensive income related to changes in net unrealized gains (losses) on securities, including securities pledged, excluding those related to experience-rated contractholders, were as follows:

	Year ended December 31,		
	2004	2003	2002
Unrealized holding (losses) gains arising during the year <sup>(1)</sup>	\$ 18.6	\$ (48.1)	\$ 127.4
Less: reclassification adjustment for gains (losses) and other items included in net income <sup>(2)</sup>	50.8	(46.6)	65.7
Net unrealized (losses) gains on securities	<u>\$ (32.2)</u>	<u>\$ (1.5)</u>	<u>\$ 61.7</u>

(1) Pretax net unrealized holding gains (losses) were \$28.6, \$(74.0), and \$196.0, for the years ended December 31, 2004, 2003, and 2002, respectively.

(2) Pretax reclassification adjustments for gains (losses) and other items included in net income were \$78.1, \$(71.6), and \$101.1, for the years ended December 31, 2004, 2003, and 2002, respectively.

### **13. Reclassifications and Changes to Prior Year Presentation**

During 2004, certain changes were made to the 2003 and 2002 Statements of Operations to reflect the correct balances, as follows:

- Certain changes were made to the classification of reinsurance ceded related to certain products, which were included as a reduction to premiums.
- Certain changes were made to the classification of certain annuity and other products, which were included in premium income.
- Certain changes were made to the classification of certain benefits to contractowners, which were included as a reduction to premiums.

In addition, certain reclassifications have been made to conform to the current year presentation.



**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

These changes had no impact on net income or shareholder's equity of the Company. We deemed these changes to the Statement of Operations as immaterial, and, as such, have not labeled the Statement of Operations as restated. The following summarizes the corrections to each financial statement line item:

<b>Year ended 12/31/2003</b>	<b>Previously Reported 2003</b>	<b>Adjustment</b>	<b>Revised 2003</b>
Fee income	\$ 384.3	\$ 11.5	\$ 395.8
Premiums	95.8	(45.7)	50.1
Total revenue	1,463.7	(34.2)	1,429.5
Interest credited and other benefits to contractowners	757.6	(34.2)	723.4
Total expense	1,248.0	(34.2)	1,213.8

  

<b>Year ended 12/31/2002</b>	<b>Previously Reported 2002</b>	<b>Adjustment</b>	<b>Revised 2002</b>
Fee income	\$ 418.2	\$ 5.7	\$ 423.9
Premiums	98.7	(44.8)	53.9
Total revenue	1,375.4	(39.1)	1,336.3
Interest credited and other benefits to contractowners	746.4	(39.1)	707.3
Total expense	1,289.3	(39.1)	1,250.2

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**  
**Notes to Consolidated Financial Statements**

---

Also, during 2004, certain changes were made to the 2003 and 2002 Statements of Cash Flows to reflect the correct balances, primarily related to payables for securities purchased, short-term borrowings, and investment contracts. As a result of these adjustments, we have labeled the Statements of Cash Flows for 2003 and 2002 as restated. The following summarizes the adjustments:

	<u>Previously Reported</u>	<u>Adjustment</u>	<u>Restated</u>
<b>Year ended 12/31/2003</b>			
Net cash provided by (used for) operating activities	\$ 1,254.8	\$ (196.5)	\$ 1,058.3
Net cash provided by (used for) financing activities	781.1	196.5	977.6
<b>Year ended 12/31/2002</b>			
Net cash provided by (used for) operating activities	\$ 1,527.7	\$ (132.4)	\$ 1,395.3
Net cash used for investing activities	(2,152.0)	(167.3)	(2,319.3)
Net cash provided by (used for) financing activities	607.7	299.7	907.4

**ING LIFE INSURANCE AND ANNUITY COMPANY AND SUBSIDIARIES**  
**(A wholly-owned subsidiary of Lion Connecticut Holdings Inc.)**

**QUARTERLY DATA (UNAUDITED)**

Restatement of Financial Information: During the quarterly period ended June 30, 2003, the Company incorrectly recorded investment income and realized capital gains related to Separate Accounts. The Company noted the effect of this error during the compilation of the December 31, 2003 consolidated financial statements and made the appropriate changes to the quarterly periods ended June 30, 2003 and September 30, 2003.

The following tables show the previously reported and restated amounts for each of the periods affected in 2003.

**As Restated**

**2004 (In millions)**

	<b><u>First</u></b>	<b><u>Second</u></b>	<b><u>Third</u></b>	<b><u>Fourth</u></b>
Total revenue	\$ 384.5	\$ 362.1	\$ 376.7	\$ 379.2
Income (loss) before income taxes	64.4	54.7	61.3	61.3
Income tax expense (benefit)	20.4	17.0	(14.3)	19.3
Net income	<u>\$ 44.0</u>	<u>\$ 37.7</u>	<u>\$ 75.6</u>	<u>\$ 42.0</u>

**As Reported**

**2004 (In millions)**

	<b><u>First</u></b>	<b><u>Second</u></b>	<b><u>Third</u></b>
Total revenue	\$ 387.3	\$ 364.4	\$ 379.0
Income (loss) before income taxes	64.4	54.7	61.3
Income tax expense (benefit)	20.4	17.0	(14.3)
Net income	<u>\$ 44.0</u>	<u>\$ 37.7</u>	<u>\$ 75.6</u>

**As Restated**

**2003 (In millions)**

	<b><u>First</u></b>	<b><u>Second*</u></b>	<b><u>Third*</u></b>	<b><u>Fourth</u></b>
Total revenue	\$ 351.6	\$ 374.5	\$ 353.9	\$ 349.5
Income before income taxes	17.5	109.2	25.5	63.5
Income tax expense	5.1	35.4	0.6	20.0
Net income	<u>\$ 12.4</u>	<u>\$ 73.8</u>	<u>\$ 24.9</u>	<u>\$ 43.5</u>

**As Reported**

**2003 (In millions)**

	<b><u>First</u></b>	<b><u>Second*</u></b>	<b><u>Third*</u></b>	<b><u>Fourth</u></b>
Total revenue	\$ 359.2	\$ 381.3	\$ 354.7	\$ 368.5
Income before income taxes	17.5	109.2	25.5	63.5
Income tax expense	5.1	35.4	0.6	20.0
Net income	<u>\$ 12.4</u>	<u>\$ 73.8</u>	<u>\$ 24.9</u>	<u>\$ 43.5</u>

\* Restated

