

ING Life Insurance and Annuity Company and its Variable Annuity Account C

Supplement dated December 19, 2005

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

The "Regulatory Matters" sub-section of the prospectus 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.

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

In September of 2005 IFD settled an administrative proceeding with the NASD regarding these arrangements. Under the terms of the Letter of Acceptance, Waiver and Consent ("AWC") with the NASD, under which IFD neither admitted nor denied the allegations or findings, IFD consented to the following sanctions: (i) a censure; (ii) a fine of \$1.5 million; (iii) restitution of approximately \$1.44 million to certain ING Funds (U.S.) for losses attributable to excessive trading described in the AWC; and (iv) agreement to make certification to the NASD regarding the review and establishment of certain procedures. IFD's settlement of this administrative proceeding is not material to the Company.

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.

CONTRACT PROSPECTUS - DECEMBER 19, 2005

ING EXPRESS VARIABLE ANNUITY

The Contracts. The contracts described in this prospectus are flexible premium individual variable ING express Variable Annuity deferred annuity contracts issued by ING Life Insurance and Annuity Company (the Company, we, us, our). They are issued to you, the contract owner, on a nonqualified basis ("nonqualified contracts"), or in connection with retirement arrangements qualifying for special treatment under section 403(b) ("403(b) contracts"), section 408(b) ("IRA contracts"), section 408(k) ("SEP IRA contracts") and section 408A ("Roth IRA contracts") of the Internal Revenue Code of 1986, as amended (Tax Code).

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

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Investment Options. The contracts offer variable investment options. When we establish your contract you instruct us to direct contract dollars to any of the available options. Some investment options may be unavailable through certain contracts or plans, or in some states.

Variable Investment Options. These options are called subaccounts. The subaccounts are within Variable Annuity Account C, a separate account of the Company. Each subaccount invests in one of the mutual funds listed on the next page. Earnings on amounts invested in a subaccount 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. The funds in which the subaccounts invest have various risks. Information about the risks of investing in the funds is located in the "Investment Options" section on page 9, in Appendix I - 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.

This prospectus describes only the investment options offered through the separate account.

Availability of Features. Not all features are available in all states. Some funds may be unavailable through certain contracts and plans or in some states.

Getting Additional Information. You may obtain the December 19, 2005 Statement of Additional Information (SAI) about the separate account without charge by calling us at 1-800-262-3862 or writing us at the address listed in the "Contract Overview-Questions: Contacting the Company" section of the prospectus. The Securities and Exchange Commission (SEC) also makes available to the public reports and information about the separate account and the funds. Certain reports and information, including this prospectus and SAI, are available on the EDGAR Database on the SEC web site, <http://www.sec.gov>, or at the SEC Public Reference Branch in Washington, D.C. You may call 1-202-551-5850 or 1-800-SEC-0330 to get information about the operations of the Public Reference Branch. You may obtain copies of reports and other information about the separate account and the funds, after paying a duplicating fee, by sending an e-mail request to publicinfo@sec.gov or by writing to the SEC Public Reference Branch, 100 F Street, NE, Washington, D.C. 20549. When looking for information regarding the contracts offered through this prospectus, you may find it useful to use the number assigned to the registration statement under the Securities Act of 1933. This number is 333-129091. The SAI table of contents is listed on page 42 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 from that contained in this prospectus.

The contracts are not deposits with, obligations of or guaranteed or endorsed by any bank, nor are they insured by the FDIC. The contracts are subject to investment risk, including the possible loss of the principal amount of your investment.

CONTRACT PROSPECTUS - DECEMBER 19, 2005 (continued)

The Funds

ING American Century Large Company Value Portfolio (Adviser Class)
ING American Century Select Portfolio (Adviser Class)
ING American Century Small Cap Value Portfolio (Adviser Class)
ING Baron Small Cap Growth Portfolio (Adviser Class)
ING Fundamental Research Portfolio (Adviser Class)
ING Goldman Sachs® Core Equity Portfolio (Adviser Class)
ING JPMorgan Emerging Markets Equity Portfolio (Adviser Class)
ING JPMorgan Fleming International Portfolio (Adviser Class)
ING JPMorgan Mid Cap Value Portfolio (Adviser Class)
ING MFS Capital Opportunities Portfolio (Adviser Class)
ING MFS Total Return Portfolio (Adviser Class)
ING Oppenheimer Global Portfolio (Adviser Class)
ING Oppenheimer Strategic Income Portfolio (Adviser Class)
ING PIMCO Total Return Portfolio (Adviser Class)
ING Salomon Brothers Aggressive Growth Portfolio (Adviser Class)
ING Salomon Brothers Large Cap Growth Portfolio (Adviser Class)
ING Solution 2015 Portfolio (Adviser Class)¹
ING Solution 2025 Portfolio (Adviser Class)¹
ING Solution 2035 Portfolio (Adviser Class)¹
ING Solution 2045 Portfolio (Adviser Class)¹
ING Solution Income Portfolio (Adviser Class)¹
ING T. Rowe Price Diversified Mid Cap Growth Portfolio (Adviser Class)
ING T. Rowe Price Equity Income Portfolio (Adviser Class)
ING T. Rowe Price Growth Equity Portfolio (Adviser Class)
ING Van Kampen Comstock Portfolio (Adviser Class)
ING Van Kampen Equity and Income Portfolio (Adviser Class)
ING VP Index Plus LargeCap Portfolio (Class S)
ING VP Index Plus MidCap Portfolio (Class S)
ING VP Index Plus SmallCap Portfolio (Class S)
ING VP International Equity Portfolio (Class S)
ING VP International Value Portfolio (Class S)
ING VP MidCap Opportunities Portfolio (Class S)
ING VP Money Market Portfolio (Class I)
ING VP Small Company Portfolio (Class S)
ING VP SmallCap Opportunities Portfolio (Class S)

¹ These portfolios are structured as fund of funds that invest directly in shares of underlying funds. See "Fees – Fund Fees and Expenses" for additional information.

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Questions: Contacting the Company. To answer your questions, contact your sales representative or write or call us at our administrative service center.

ING
USFS Customer Service
Defined Contribution
Administration, TS21
151 Farmington Avenue
Hartford, CT 06156-1277

1-800-262-3862

Our administrative service center has primary responsibility for administering the contracts and the separate account. The administrative services we provide include, but are not limited to, contract issuance, record maintenance, customer service, valuation and reporting.

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 us or your sales representative 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 contracts described in this prospectus are individual variable annuity contracts. They are intended to be retirement savings vehicles that offer a variety of investment options to help meet long-term financial goals and provide for a death benefit and guaranteed income options. The term "contract" in this prospectus refers to individual variable annuity contracts.

Who's Who

Contract Owner: The person (or non-natural owner) to whom we issue the contract. Generally, you. The contract owner has all rights under the contract.

We (the Company): ING Life Insurance and Annuity Company. We issue the contract.

For greater detail, please review "Purchase and Rights."

The Contract and Your Retirement Plan

The contracts may be issued as nonqualified contracts, or for use with retirement arrangements under Tax Code sections 403(b), 408(b), 408(k), or 408A of the Tax Code (qualified contracts).

Use of an Annuity Contract in a Retirement Arrangement. 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 403(b) annuity or an IRA under 408(b), 408(k), or 408A), 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 arrangement itself. Annuities do provide other features and benefits (such as the guaranteed death benefit or 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 "Purchase and Rights."

Contract Facts

Free Look/Right to Cancel. You may cancel your contract within ten days (some states require more than ten days) of receipt. See "Right To Cancel."

Death Benefit. Your beneficiary may receive a financial benefit in the event of your death prior to the income phase.

Withdrawals. During the accumulation phase you may withdraw all or part of your contract value. Certain fees and taxes may apply. In addition, the Tax Code restricts full and partial withdrawals in some circumstances. See "Withdrawals."

Systematic Withdrawals. These are made available for you to receive periodic withdrawals from your contract, while retaining the contract in the accumulation phase. See "Systematic Withdrawals."

Loans. If allowed by the contract, loans may be available during the accumulation phase. These loans are subject to certain restrictions. See "Loans."

Fees and Expenses. Certain fees and expenses are deducted from the value of your contract. See "Fee Table" and "Fees."

Taxation. Taxes will generally be due when you receive a distribution. Tax penalties may apply in some circumstances. See "Taxation."

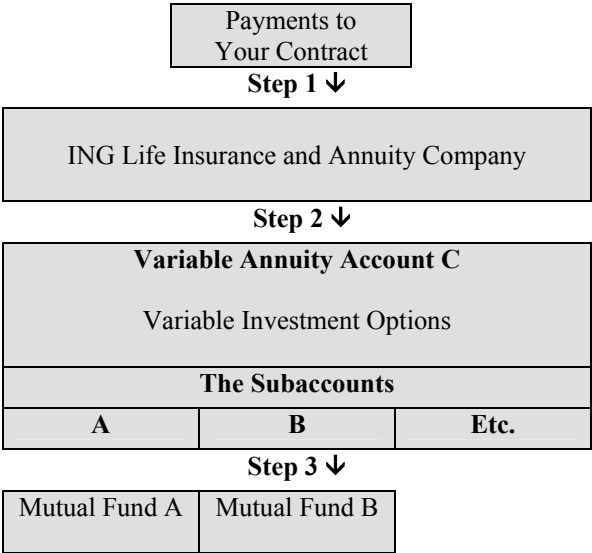
Contract Phases

I. The Accumulation Phase (accumulating dollars under your contract)

STEP 1: You provide us with your completed application and initial purchase payment. We issue you a contract and credit that contract with your initial purchase payment.

STEP 2: You direct us to invest your purchase payment in one or more of the variable investment options. (The variable investment options are the subaccounts of Variable Annuity Account C. Each one invests in a specific mutual fund.)

STEP 3: Each subaccount you select purchases shares of its assigned fund.



II. The Income Phase (receiving income phase payments from your contract)

When you want to begin receiving payments from your contract you may select from the options available (see "The Income Phase"). In general, you may receive monthly income phase payments over your life time.

Fee Table

In this Section:

- ▷ Maximum Contract Owner Transaction Expenses
- ▷ Annual Maintenance Fee
- ▷ Maximum Separate Account Annual Expenses
- ▷ Total Annual Fund Operating Expenses
- ▷ Hypothetical Examples
- ▷ Fees Deducted by the Funds

Also see the "Fees" section for:

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

The following tables describe the fees and expenses that you will pay when buying, owning, and withdrawing from your contract. The first table describes the fees and expenses that you will pay at the time that you buy the contract, withdraw from the contract, take a loan from the contract or transfer cash value between investment options. State premium taxes may also be deducted.** See "The Income Phase" for fees that may apply after you begin receiving payments under the contract.

Maximum Contract Owner Transaction Expenses

| | |
|--|---------|
| Transfer Charge ¹ | \$25.00 |
| Loan Processing Fee ² | \$25.00 |
| Loan Interest Rate Spread (per annum) ³ | 3.0% |

¹ We do not currently impose a charge for transfers between subaccounts. However, we reserve the right to assess a \$25 charge on any transfer after the 12th transfer in a contract year or to limit the number of transfers, including transfers made under the account rebalancing program or dollar cost averaging program.

² This is the maximum fee we would charge. We are not currently charging this fee. See "Loans."

³ This is the difference between the rate applied and the rate credited on loans under your contract. Currently the loan interest rate spread is 2.5% per annum; however we reserve the right to apply a spread of up to 3.0% per annum. As of December 19, 2005, we are applying a rate of 5.5% per annum and crediting 3% per annum. These rates are subject to change. See "Loans."

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.

*Annual Maintenance Fee*⁴\$40.00

Maximum Separate Account Annual Expenses

(as a percentage of average contract value)

| | |
|--|--------------|
| Mortality and Expense Risk Charge | 0.35% |
| Total Maximum Separate Account Annual Expenses | <u>0.35%</u> |

⁴ We reserve the right to waive the annual maintenance fee under certain circumstances. We currently waive the charge if the contract value exceeds \$25,000 on the date this fee is deducted. However, we reserve the right to reinstate the fee on contracts qualifying for this waiver.

**State premium taxes (which currently range from 0% to 4% of premium payments) may apply, but are not reflected in the fee tables or examples. See "Premium and Other Taxes."

The next item shows the minimum and maximum total operating expenses charged by the funds 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 funds' 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.

| <i>Total Annual Fund Operating Expenses</i> (expenses that are deducted from fund assets, including management fees and other expenses) | Minimum | Maximum |
|---|---------|---------|
| | 0.34% | 2.02% |

Hypothetical Examples

The following Examples are intended to help you compare the cost of investing in the contract with the cost of investing in other variable annuity contracts. These costs include separate account annual expenses including the annual maintenance fee of \$40 (converted to a percentage of assets equal to 0.08%) and fund fees and expenses.

Example 1: The following Example assumes that you invest \$10,000 in the contract for the time periods indicated. The Example also assumes that your investment has a 5% return each year and assumes the **maximum** fees and expenses of any of the funds available as variable investment options. Although your actual costs may be higher or lower, based on these assumptions, your costs would be:

| <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> | <u>10 Years</u> |
|----------------------|-----------------------|-----------------------|------------------------|
| \$248 | \$764 | \$1,306 | \$2,786 |

Example 2: The following Examples assume that you invest \$10,000 in the contract for the time periods indicated. The Examples also assume that your investment has a 5% return each year and assume the **minimum** fees and expenses of any of the funds available. Although your actual costs may be higher or lower, based on these assumptions, your costs would be:

| <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> | <u>10 Years</u> |
|----------------------|-----------------------|-----------------------|------------------------|
| \$79 | \$246 | \$428 | \$954 |

Fees Deducted by the Funds

Fund Fee Information. The fund prospectuses show 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 further 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 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 the fund prospectuses. The Company may also receive additional compensation from certain funds for administrative, recordkeeping or other services provided by the Company to the funds or the funds' affiliates. These additional payments may also be used by the Company to finance distribution. 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.

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 reimbursement for employees of the Company or its affiliates to attend business meetings or training conferences. Investment management fees are 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, fund fees and expenses. See "Fees - Fund Fees and Expenses" for additional information.

How Fees are Deducted. Fees are deducted from the value of the fund shares on a daily basis, which in turn affects the value of each subaccount that purchases fund shares.

Condensed Financial Information

Understanding Condensed Financial Information. As of the date of this prospectus we had not begun selling the contracts and the subaccounts did not have any assets attributable to the contracts. Therefore, no condensed financial information is presented herein.

Investment Options

Variable Investment Options. The contracts offer variable investment options. These options are called subaccounts. The subaccounts are within Variable Annuity Account C, a separate account of the Company. Each subaccount invests in a specific mutual 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 I. Refer to the fund prospectuses for additional information. Fund prospectuses may be obtained, free of charge, from our administrative service center at the address and phone number listed in "Contract Overview-Questions: Contacting the Company," by accessing the SEC's web site or by contacting the SEC Public Reference Branch.

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 Appendix I.

Limits on Availability of Options. We may add, withdraw or substitute funds, subject to the conditions in your contract and compliance with regulatory requirements. See "Other Topics-Contract Modifications - Addition, Deletion or Substitution of Fund Shares." Some subaccounts may not be available in all contracts or in some states.

Limits on How Many Investment Options You May Select. Generally you may select no more than 18 investment options during the accumulation phase of your contract. Each subaccount selected counts towards this 18 investment option limit.

Limits Imposed by Underlying 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 purchase payment to a subaccount if the subaccount's investment in its corresponding fund is not accepted by the fund for any reason.

Reinvestment. The funds described in this prospectus have, as a policy, the distribution of income, dividends and capital gains. There is, however, an automatic reinvestment of such distributions under the contracts described in this prospectus.

Insurance-Dedicated Funds. (*Mixed and Shared Funding*)

The funds described in this prospectus are available only to insurance companies for their variable contracts. Such funds are often referred to as "insurance-dedicated funds," and are used for "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 shared funding, a change in law affecting the operations of variable annuity separate accounts, differences in the voting instructions of the contract owner and others maintaining a voting interest in the funds, or some other reason. Such a conflict 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 in order to identify any material irreconcilable conflicts which may arise and to determine what action, if any, should be taken to address such conflicts. In the event of a conflict, the Company will take any steps necessary to protect contract owners and annuitants maintaining a voting interest in the funds, including the withdrawal of Variable Annuity Account C from participation in the funds which are involved in the conflict.

Transfers Among Investment Options

During the accumulation phase you may transfer amounts among the available subaccounts. We do not currently charge a transfer fee. However, we reserve the right to charge a fee of \$25 for each transfer after the 12th transfer in a contract year and to limit the number of transfers.

Transfer Requests. Subject to limits on frequent or disruptive transfers, transfer requests may be made in writing, by telephone, or, where available, electronically, as well as under the dollar cost averaging and automatic reallocations programs.

Limits Imposed by Underlying 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 purchase payment to a subaccount if the subaccount's investment in its corresponding fund is not accepted by the fund for any reason.

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 owners. 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 owners,

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, 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 owner; and (2) not accepting preauthorized transfer forms from market timers or other entities acting on behalf of more than one contract owner 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 owners and fund investors and/or state or federal regulatory requirements. If we modify such standard, it will be applied uniformly to all contract owners or, as applicable, to all contract owners 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.

Value of Your Transferred Dollars. The value of amounts transferred into or out of subaccounts will be based on the subaccount unit values next determined after we receive your transfer request in good order at our administrative service center or, if you are participating in the dollar cost averaging or automatic reallocation programs, after your scheduled transfer or reallocation.

Telephone and Electronic Transactions: Security Measures. To prevent fraudulent use of telephone or 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 contract 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.

The Dollar Cost Averaging Program. The contracts may provide you with the opportunity to participate in our dollar cost averaging program. Dollar cost averaging is a system for investing whereby you purchase fixed dollar amounts of an investment at regular intervals, regardless of price. Our program transfers, at regular intervals, a fixed dollar amount to one or more subaccounts which you select. Dollar cost averaging neither ensures a profit nor guarantees against loss in a declining market. You should consider your financial ability to continue purchases through periods of low price levels. There is no additional charge for this program and transfers made under this program do not count as transfers when determining the number of free transfers that may be made each contract year. To obtain an application form or additional information about this program, contact your sales representative or call us at the number listed in "Contract Overview-Questions: Contacting the Company."

Dollar cost averaging is available only from the ING VP Money Market Portfolio, and you must have a minimum of \$1,200 invested in the portfolio when you begin the program. The minimum amount of each transfer must be \$100, and you must have enough invested in the portfolio for future transfers of at least \$100 each. You must begin the dollar cost averaging program on the issue date of the contract. We reserve the right to discontinue, modify or suspend the dollar cost averaging program and to charge a processing fee not to exceed \$25 for each transfer made under this program.

Dollar cost averaging is not available if you are participating in the account rebalancing program.

The Automatic Reallocation Program (Account Rebalancing). The contracts may provide you with the ability to participate in account rebalancing. Account rebalancing allows you to reallocate your contract value to match the investment allocations you originally selected by reallocating contract values from the subaccounts that have increased in value to those subaccounts that have declined in value or increased in value at a slower rate. We automatically reallocate your contract value annually (or more frequently as we allow). Account rebalancing neither ensures a profit nor guarantees against loss in a declining market. There is currently no additional charge for this program and transfers made under this program do not count as transfers when determining the number of free transfers that may be made each contract year. To obtain an application form or additional information about this program, contact your sales representative or call us at the number listed in "Contract Overview-Questions: Contacting the Company."

You must have a minimum contract value of \$10,000 to participate in account rebalancing, and you must rebalance in whole percentages of no less than 1%. We reserve the right to discontinue, modify or suspend the account rebalancing program and to charge a processing fee not to exceed \$25 for each reallocation between the subaccounts.

Account rebalancing is not available if you are participating in the dollar cost averaging program.

Purchase and Rights

Valuation Date:
Any day that the New York Stock Exchange is open for trading.

Available Contracts. The contracts available for purchase are nonqualified contracts or contracts intended to qualify as tax-deferred annuities under Tax Code section 403(b), IRAs under Tax Code section 408(b), or Roth IRAs under Tax Code section 408A. The IRA may also be used as a funding option for a Simplified Employee Pension (SEP) plan under Tax Code section 408(k). The contracts are not available as a "Simple IRA" as defined in Tax Code section 408(p).

How to Purchase. The contract owner may purchase a contract from us by completing an application and making an initial purchase payment. Upon our approval we will issue a contract and set up an account for the contract owner under the contract.

For nonqualified contracts, the following purchase payment methods are allowed:

- ▷ One lump sum;
- ▷ Periodic payments; or
- ▷ Transfer under Tax Code section 1035.

For qualified contracts, the following purchase payment methods are allowed:

- ▷ One lump sum;
- ▷ Periodic payments (IRAs and Roth IRAs only); or
- ▷ Rollover or transfer payments, as permitted by the Tax Code.

The minimum amount we will accept as a lump-sum purchase payment is \$15,000. The maximum age at which you may purchase the contract is 80; you may make additional premium payments only up to the contract anniversary after your 86th birthday. We reserve the right to reject any purchase payment to an existing contract if the purchase payment, together with the contract value at the next valuation date, exceeds \$1,000,000. Any purchase payment not accepted by the Company will be refunded.

If issued as a 403(b) tax-deferred annuity, the contract does not accept transfers from prior 403(b) plans that were subject to the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Any reduction of the minimum initial or subsequent purchase payment amount will not be unfairly discriminatory against any person. We will make any such reduction according to our own rules in effect at the time the purchase payment is received. We reserve the right to change these rules from time to time.

Acceptance or Rejection of Your Application. We must accept or reject your application within two business days of receipt. If the application is incomplete, we may hold any forms and accompanying purchase payment(s) for five business days. We may hold purchase payments for longer periods, pending acceptance of the application, only with your permission. If the application is rejected, we will notify you of the reasons and the application and any purchase payments will be returned to you.

Allocating Purchase Payments to the Investment Options. We will allocate your purchase payments among the investment options you select. Allocations must be in whole percentages and there are limits on the number of investment options you may select. When selecting investment options you may find it helpful to review the "Investment Options" section.

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

- 1) Long-Term Investment - These contracts are long-term investments, and are 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 tax penalties. The value of deferred taxation on earnings grows with the amount of time funds are left in a contract. You should not participate in a contract if you are looking for a short-term investment or expect to need to make withdrawals before you are 59 1/2.
- 2) Investment Risk - The value of investment options available under the contracts may fluctuate with the markets and interest rates. You should not participate in a 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 these contracts reflect costs associated with the features and benefits they provide. As you consider a 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 a contract will be a replacement for another annuity contract you should compare the two options carefully, compare the costs associated with each, and identify additional benefits available under the contract. You should consider whether these additional benefits justify any increased charges that might apply under these contracts. 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.

Right to Cancel

When and How to Cancel. You may cancel your contract within ten days of receipt (some states require more than ten days) by returning it to our administrative service center or to your sales representative along with a written notice of cancellation.

Refunds. We will issue you a refund within seven calendar days of our receipt of your contract and written notice of cancellation. Unless your state requires otherwise, your refund will equal the purchase payments made plus any earnings or minus any losses attributable to those purchase payments allocated among the subaccounts. In other words, where a refund of contributions is not required, you will bear the entire investment risk for amounts allocated among the subaccounts during this period and the amount refunded could be less than the amount paid. If your state requires, we will refund all purchase payments made.

Fees

Types of Fees

There are four types of fees or deductions that may affect your contract.

Maximum Transaction Fees

- ▷ Annual Maintenance Fee
- ▷ Transfer Charge
- ▷ Redemption Fees

Fees Deducted from Investments in the Separate Account

- ▷ Mortality and Expense Risk Charges

Fund Fees and Expenses

Premium and Other Taxes

Contract Year/Contract Anniversary: A period of 12 months measured from the date we established your contract and each anniversary of this date. Contract anniversaries are measured from this date.

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

Maximum Transaction Fees

Annual Maintenance Fee

Maximum Amount. \$40.00

When/How. Each year during the accumulation phase we deduct this fee from your contract value. We deduct it annually on your contract anniversary and at the time of full withdrawal.

Purpose. This fee reimburses us for our administrative expenses related to the contracts, the separate account and the subaccounts.

Waiver. We reserve the right to waive the annual maintenance fee under certain circumstances. Currently, we waive the charge if the contract value exceeds \$25,000 on the date this fee is to be deducted. However, we reserve the right to reinstate the fee on contracts qualifying for the waiver.

Transfer Charge

Maximum Amount. \$25.00. During the accumulation phase, we currently allow 12 free transfers each calendar year. We reserve the right to charge \$25.00 for any additional transfer. We currently do not impose this charge.

Purpose. This charge reimburses us for administrative expenses associated with transferring your dollars among investment options.

Redemption Fees

If applicable, we may deduct the amount of any redemption fees imposed by the underlying mutual funds as a result of 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 contract value.

Fees Deducted from Investments in the Separate Account

Mortality and Expense Risk Charge

Maximum Amount. The amount of this charge, on an annual basis, is equal to 0.35% of the daily value of amounts invested in the subaccounts.

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 phase 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 these charges 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 these charges.

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 administrative expenses, we may reduce or eliminate the annual maintenance fee and the mortality and expense charge. Our decision to reduce or eliminate any of these fees will be based on one or more of the following:

- ▷ The size and type of group to whom the contract is offered;
- ▷ The type and frequency of administrative and sales services provided; or
- ▷ Any other circumstances which reduce distribution or administrative expenses.

The exact amount of contract charges applicable to a particular contract will be stated in that contract.

The reduction or elimination of any of these fees 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 fees may be subject to state approval.

Fund Fees and Expenses

As shown in the fund prospectuses and described in the "Fees Deducted by the Funds" section 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 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 generate the least amount of revenue. Only affiliated funds are available under the contract.

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 that 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, which are disclosed in each fund prospectus;
- Service fees that are deducted from fund assets, which are disclosed in each fund prospectus; 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 each fund prospectus.

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 fund's management fees. 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.

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.

Certain funds may be structured as "fund of funds" (including the ING Solution portfolios). These funds may have higher fees and expenses than a fund that invests directly in debt and equity securities. The fund prospectuses disclose the aggregate annual operating expenses of each portfolio and its corresponding underlying fund or funds. These funds are identified in the investment option list on the front of this prospectus.

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. We reserve the right to deduct a charge for premium taxes from your contract value or from purchase payments to the contract at any time, but not before there is a tax liability under state law. For example, we may deduct a charge for premium taxes from purchase payments as they are received, or from the contract value immediately before you commence income phase payments, as permitted or required by applicable law.

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

Your Contract Value

During the accumulation phase your contract value at any given time equals the current dollar value of amounts invested in the subaccounts.

Subaccount Accumulation Units. When you select a fund as an investment option, you invest in "accumulation units" of the Variable Annuity Account C subaccount corresponding to that fund. The subaccount invests directly in the fund shares. The value of your interests in a subaccount is expressed as the number of accumulation units you hold multiplied by an "accumulation unit value," as described below, for each unit.

Accumulation Unit Value (AUV). The value of each accumulation unit in a subaccount is called the accumulation unit value or AUV. The AUV varies daily in relation to the underlying fund's investment performance. The value also reflects deductions for fund fees and expenses and the mortality and expense risk charges. We discuss these deductions in more detail in "Fee Table" and "Fees."

Valuation. We determine the AUV every normal business day that the New York Stock Exchange (NYSE) is open, after the close of the NYSE (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 investment factor" of the subaccount. The net investment factor measures the investment performance of the subaccount from one valuation to the next.

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

Net Investment Rate. The net investment 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 and any other fees deducted from investments in the separate account. See "Fees."

The net investment rate may be either positive or negative.

Hypothetical Illustration. As a hypothetical illustration, assume that your initial purchase payment to a contract is \$10,000 and you direct us to invest \$6,000 in Fund A and \$4,000 in Fund B. Also, assume that on the day we receive the purchase payment, the applicable AUVs after the next close of business of the New York Stock Exchange are \$10 for Subaccount A and \$20 for Subaccount B. Your contract is credited with 600 accumulation units of Subaccount A and 200 accumulation units of Subaccount B.

Step 1: You make an initial purchase payment of \$10,000.

| |
|---------------------------|
| \$10,000 Purchase Payment |
|---------------------------|

Step 1 ↓

| |
|--|
| ING Life Insurance and Annuity Company |
|--|

Step 2:

- A. You direct us to invest \$6,000 in Fund A. The purchase payment purchases 600 accumulation units of Subaccount A (\$6,000 divided by the current \$10 AUV).
- B. You direct us to invest \$4,000 in Fund B. The purchase payment purchases 200 accumulation units of Subaccount B (\$4,000 divided by the current \$20 AUV).

Step 2 ↓

| Variable Annuity Account C | | |
|--|--|------|
| Subaccount A 600 accumulation units | Subaccount B 200 accumulation units | Etc. |

| Subaccount A 600 accumulation units | Subaccount B 200 accumulation units | Etc. |
|--|--|------|
|--|--|------|

Step 3 ↓

Step 3: The separate account purchases shares of the applicable funds at the then current market value (net asset value or NAV).

| |
|------------------|
| Mutual Fund A |
|------------------|

| |
|------------------|
| Mutual Fund B |
|------------------|

Each fund's subsequent investment performance, expenses and charges, and the daily charges deducted from the subaccount, will cause the AUV to move up or down on a daily basis.

Purchase Payments to Your Contract. Your initial purchase payment will purchase subaccount accumulation units at the AUV next computed after our acceptance of your application as described in "Purchase and Rights." Subsequent purchase payments or transfers directed to the subaccounts will purchase subaccount accumulation units at the AUV next computed following our receipt of the purchase payment or transfer request in good order. The AUV will vary day to day.

Withdrawals

Subject to any applicable retirement plan or Tax Code restrictions (see "Withdrawal Restrictions" below), you may withdraw all or a portion of your withdrawal value at any time during the accumulation phase.

Steps for Making A Withdrawal

- ▷ Select the withdrawal amount. You must properly complete a disbursement form and deliver it to our administrative service center.
- (1) Partial Withdrawals: You may request a withdrawal of either:
 - ▷ A gross amount, in which case the required withholding taxes (and redemption fees, if applicable) will be deducted from the gross amount requested; or
 - ▷ A specific amount after deduction of the applicable withholding taxes (and redemption fees, if applicable).

Unless otherwise agreed to by us, we will withdraw dollars in the same proportion as the values you hold in the investment options in which you have a contract value.

- (2) Full Withdrawals: You will receive, reduced by any required withholding tax (and redemption fees, if applicable), your withdrawal value, minus any annual maintenance fee.

Calculation of Your Withdrawal. We determine your contract value as of the close of trading on the New York Stock Exchange (NYSE) (normally 4:00 p.m. Eastern Time) every day that the NYSE is open for trading. We pay withdrawal amounts based on your contract value determined that day if a withdrawal request is received in good order at our administrative service center before the close of trading on the NYSE. The payment will be based on contract value determined on the next valuation date if a request is received in good order at our administrative service center after the close of trading on the NYSE.

Delivery of Payment. Payments for withdrawal requests received in good order will be made in accordance with SEC requirements. Normally, your withdrawal amount will be sent no later than seven calendar days following our receipt of your properly-completed disbursement form. No interest will accrue on amounts represented by uncashed withdrawal checks.

Reinvesting a Full Withdrawal (403(b) and IRAs Only). Within 30 days after a full withdrawal, if allowed by law, you may elect to reinvest all or a portion of your withdrawal. We must receive any reinvested amounts within 60 days of the withdrawal. We reserve the right, however, to accept a reinvestment election received more than 30 days after the withdrawal and accept proceeds received more than 60 days after the withdrawal. We will credit your contract for the amount reinvested based on the subaccount values next computed following our receipt of your request and the amount reinvested.

Taxes, Fees and Deductions

Amounts withdrawn may be subject to one or more of the following:

- ▷ **Annual Maintenance Fee** (see "Fees-Annual Maintenance Fee")
- ▷ **Redemption Fees** (see "Fees-Redemption Fees")
- ▷ **Tax Penalty** (see "Taxation")
- ▷ **Tax Withholding** (see "Taxation")

To determine which may apply to you, refer to the appropriate sections of this prospectus, contact your sales representative or call us at the number listed in "Contract Overview-Questions: Contacting the Company."

Withdrawal Value: Your contract value less any outstanding loan balance.

We will credit the amount reinvested proportionally for annual maintenance fees imposed at the time of withdrawal. We will deduct from the amounts reinvested any annual maintenance fee which fell due after the withdrawal and before the reinvestment. We will reinvest in the same investment options and proportions in place at the time of the withdrawal.

Loans

Loans Available from Certain Qualified Contracts. For contracts issued as section 403(b) annuities, a loan may be available from the contract value prior to your election of an income phase payment option or the annuitant's attainment of age 70 1/2. Restrictions may apply under the Tax Code or due to our administrative practices. We reserve the right not to grant a loan request if you have an outstanding loan in default. Loans are not available from nonqualified contracts, IRAs or Roth IRAs.

A loan may be requested by properly completing the loan request form and submitting it to our Administrative Office. Read the terms of the loan agreement before submitting any request.

Charges. We reserve the right to charge a processing fee not to exceed \$25. Interest will be applied on loaned amounts. The difference between the rate applied and the rate credited on loans under your contract is currently 2.5% per annum (i.e., a 2.5% loan interest rate spread). We reserve the right to apply a loan interest rate spread of up to 3.0% per annum.

Systematic Withdrawals

Features of a Systematic Withdrawal

A systematic withdrawal allows you to receive regular payments from your contract without moving into the income phase. By remaining in the accumulation phase, you retain certain rights and investment flexibility not available during the income phase. Because the contract remains in the accumulation phase, all accumulation phase charges continue to apply.

A systematic withdrawal is a series of automatic partial withdrawals from your contract based on a payment method you select. You may elect to withdraw a specified dollar amount or a percentage of the contract value on a monthly, quarterly, semiannual or annual basis. Up to 10% of your contract value per year may be withdrawn through a systematic withdrawal. The amount of each systematic withdrawal must be at least \$100 and you must have a minimum contract value of \$5,000 in order to initiate such withdrawals.

Systematic Withdrawal Availability. We reserve the right to modify or discontinue offering systematic withdrawals. However, any such modification or discontinuation will not affect any systematic withdrawals already in effect. We may add additional systematic withdrawal options from time to time.

Requesting a Systematic Withdrawal. To request systematic withdrawals and to assess terms and conditions that may apply, contact your sales representative at the number listed in "Contract Overview-Questions: Contacting the Company."

Terminating Systematic Withdrawals. You may discontinue systematic withdrawals at any time by submitting a written request to our administrative service center

Taxation. Systematic withdrawals and revocations of elections may have tax consequences. Amounts withdrawn may be included in your gross income in the year in which the withdrawal occurs, and withdrawals prior to your reaching age 59 1/2 may also be subject to a 10% federal tax penalty. If you are concerned about tax implications, consult a qualified tax adviser.

Death Benefit

During the Accumulation Phase. The contract provides a death benefit in the event of your death during the accumulation phase.

When is a Death Benefit Payable? During the accumulation phase a death benefit is payable when the contract owner or in certain circumstances, annuitant dies.

Who Receives Death Benefit Proceeds? If you would like certain individuals or entities to receive the death benefit when it becomes payable, you may name them as your beneficiaries and/or contingent beneficiaries. Unless you have instructed us otherwise, if more than one beneficiary has been named, the payment will be paid in equal shares. If you die and no beneficiary or contingent beneficiary exists, or if the beneficiary or contingent beneficiary is not living on the date payment is due, the death benefit will be paid in a lump sum to your estate.

Designating Your Beneficiary. You may designate a beneficiary on your application and may change the designated beneficiary at any time before income phase payments begin by sending us a written request. Upon our receipt of your written request in good order (see "Contract Overview-Questions: Contacting the Company"), we will process the change effective the date it was signed. Any change in beneficiary will not affect any payments made or affect any actions taken by us before the request was received. We are not responsible for the validity of any beneficiary change.

A beneficiary's right to elect an income phase payment option or receive a lump-sum payment may be restricted by the contract owner. If so, such rights or options will not be available to the beneficiary.

Death Benefit Amount

The guaranteed death benefit is the greater of:

- a) Your contract value on the claim date; or
- b) The sum of payments (minus any applicable premium tax) made to your contract minus withdrawals made from your contract, as of the claim date.

Payment of the Death Benefit Before Income Phase Payments Begin:

The beneficiary may choose one of the following three methods of payment:

- (1) Receive a lump-sum payment equal to all or a portion of the account value; or
- (2) Apply some or all of the contract value to a lifetime income phase payment option; or
- (3) Any other distribution method acceptable to us.

This section provides information about the death benefit during the accumulation phase. For death benefit information applicable to the income phase, see "The Income Phase."

Terms to Understand

Annuitant(s): The person(s) on whose life(lives) or life expectancy(ies) the income phase payments are based.

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

Claim Date: The date proof of death and the beneficiary's right to receive the death benefit and election of a death benefit payment option are received in good order at our administrative service center. Please contact our administrative service center to learn what information is required for a request for payment of the death benefit 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.

Contingent Beneficiary: The person(s) or entity(ies) designated to receive death benefit proceeds under the contract if no beneficiary is alive when the death benefit is due.

The timing and manner of payment are subject to the Tax Code's distribution rules (see "Taxation"). In general, the death benefit must be applied to either an income phase payment option within one year of the contract owner's or annuitant's death or the entire contract value must be distributed within five years of the contract owner's or annuitant's date of death. An exception to this provision applies if the designated beneficiary is the surviving spouse, in which case the beneficiary may continue the contract as the successor contract owner and generally may exercise all rights under the contract.

Requests for payment of the death benefit in a lump-sum will be paid within seven calendar days following the next valuation after we receive proof of death and a request for payment. Requests for continuing income phase payments or another form of distribution method must be in writing and received by us within the time period allowed by the Tax Code or the death benefit will be paid in a lump-sum and the contract will be canceled.

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 available under the contract.

Taxation. In general, payments received by your beneficiary after your death are taxed to the beneficiary in the same manner as if you had received those payments. Additionally, your beneficiary may be subject to tax penalties if he or she does not begin receiving death benefit payments within the timeframe required by the Tax Code. See "Taxation."

The Income Phase

Terms to understand:

Annuitant(s):

The person(s) on whose life expectancy(ies) the income phase payments are based.

During the income phase you stop contributing dollars to your contract and start receiving payments from your accumulated contract value.

Life Income. The income phase option available under the contract is a fixed, life income option, in which you receive payments as long as the annuitant lives. It is possible that only one payment will be made if the annuitant dies prior to the second payment's due date. There are no death benefits under this option; all payments end upon the annuitant's death.

Initiating Payments. To start receiving income phase payments, you must elect a payment start date in writing.

What Affects Payment Amounts. Some of the factors that may affect the amount of your income phase payments include your age, gender and contract value.

Amounts funding fixed income phase payments will be held in the Company's general account. The amount of fixed payments does not vary with investment performance over time.

Minimum Payment Amounts. Income phase payments must equal monthly payments of at least \$100. We reserve the right to change the frequency of income phase payments to intervals that will result in payments of at least \$100.

If the contract value less any outstanding loan balance at the payment start date is less than \$10,000, you will receive one lump-sum payment and the contract will be cancelled.

Restrictions on Start Dates and the Duration of Payments. Unless otherwise agreed to by us, the start date must be the first business day of any calendar month. The earliest start date is one year from the issue date of the contract. If the start date you selected does not occur on a valuation date at least one year after issue, we reserve the right to adjust the start date to the first valuation date after the start date you selected that is at least one year after issue. If you do not select a start date, the start date will be the annuitant's 85th birthday. The latest start date is the annuitant's 99th birthday. If income phase payments start when the annuitant is at an advanced age, such as over 85, it is possible that the contract will not be considered an annuity for federal tax purposes. You may change the start date by notifying us in writing at least 30 days before the start date currently in effect and the new start date. The new start date must satisfy the requirements for a start date.

For qualified contracts only, income phase payments may not extend beyond:

- (a) The life of the annuitant;
- (b) The joint lives of the annuitant and beneficiary;
- (c) A guaranteed period greater than the annuitant's life expectancy; or
- (d) A guaranteed period greater than the joint life expectancies of the annuitant and beneficiary.

See "Taxation" for further discussion of rules relating to income phase payments.

Taxation. To avoid certain tax penalties, you or your beneficiary must meet the distribution rules imposed by the Tax Code. Additionally, when selecting an income phase payment option, the Tax Code requires that your expected payments will not exceed certain durations. See "Taxation" for additional information.

Taxation

I. 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; and

We do not make any guarantee about the tax treatment of the contract or any transaction involving the 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).

Types of Contracts: Nonqualified or Qualified.

The contract may be purchased on a non-tax-qualified basis (nonqualified contracts) or purchased on a tax-qualified basis (qualified contracts). Nonqualified contracts are purchased with after-tax contributions and are not related to retirement plans or programs that receive special income tax treatment under the Tax Code.

Qualified contracts are designed for use by individuals whose premium payments are comprised solely of proceeds from and/or contributions under retirement plans or programs intended to qualify for special income tax treatment under section 403(b), 408 or 408A of the Tax Code.

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

II. Taxation of Nonqualified Contracts

Taxation of Gains Prior to Distribution

Tax Code section 72 governs taxation of annuities in general. We believe that if you are a natural person you will generally not be taxed on increases in the value of a nonqualified contract until a distribution occurs or until income phase payments begin. This assumes that the contract will qualify as an annuity contract for federal income tax purposes. For these purposes, the agreement to assign or pledge any portion of the contract value generally will be treated as a distribution. In order to receive deferral of taxation, the following requirements must be satisfied:

Investor Control. Although earnings under the contract are generally not taxed until withdrawn, 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.

Required Distributions. In order to be treated as an annuity contract for federal income tax purposes, the Tax Code requires any nonqualified contract to contain certain provisions specifying how your interest in the contract will be distributed in the event of your death. The nonqualified contracts contain provisions that are intended to comply with these Tax Code requirements although no regulations interpreting these requirements have yet been issued. We intend to review such distribution provisions and modify them if necessary to assure that they comply with the applicable requirements when such requirements are clarified by regulation or otherwise.

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. Income on the contract is any increase over the year in the surrender value, adjusted for purchase payments made during the year, amounts previously distributed and amounts previously included in income. There are some exceptions to this rule and a non-natural person should consult with its tax adviser prior to purchasing the contract. 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. When the contract owner is not a natural person, a change in annuitant is treated as the death of the contract owner.

Delayed Income Phase Start Date. If the contract's income phase start date occurs (or is scheduled to occur) at a time when the annuitant has reached an advanced age (e.g. age 85), it is possible that the contract would not be treated as an annuity for federal income tax purposes. In that event, the income and gains under the contract could be currently includible in your income.

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 Tax Code section 817(h) and by the Treasury in Reg. Sec. 1.817-5, which affects how the funds' assets may be invested.

Taxation of Distributions

General. When a withdrawal from a nonqualified contract occurs, the amount received will be treated as ordinary income subject to tax up to an amount equal to the excess (if any) of the contract value (unreduced by the amount of any surrender charge) immediately before the distribution over the contract owner's investment in the contract at that time. Investment in the contract is generally equal to the amount of all contributions to the contract, plus amounts previously included in your gross income as the result of certain loans, assignments or gifts, less the aggregate amount of non-taxable distributions previously made.

In the case of a full withdrawal from a nonqualified contract, the amount received generally will be taxable only to the extent it exceeds the contract owner's cost basis in the contract.

10% Penalty. A 10% penalty tax applies to the taxable portion of a distribution from a nonqualified annuity unless certain exceptions apply, including one or more of the following:

- (a) You have attained age 59 1/2;
- (b) You have become disabled as defined in the Tax Code;
- (c) You (or the annuitant if the contract owner is a non-natural person) have died;
- (d) 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; or
- (e) The distribution is allocable to investment in the contract before August 14, 1982.

Other exceptions may be applicable under certain circumstances and special rules may be applicable in connection with the exceptions enumerated above. A tax adviser should be consulted with regard to exceptions from the penalty tax.

Tax-Free Exchanges. Section 1035 of the Tax Code permits the exchange of a life insurance, endowment or annuity contract for an annuity contract on a tax-free basis. In such instance, the "investment in the contract" in the old contract will carry over to the new contract. You should consult with your tax advisor regarding procedures for making 1035 exchanges.

If your contract is purchased through a tax-free exchange of a life insurance, endowment or annuity contract that was purchased prior to August 14, 1982, then any distributions other than annuity payments will be treated, for tax purposes, as coming:

- First, from any remaining "investment in the contract" made prior to August 14, 1982 and exchange into the contract;
- Next, from any "income on the contract" attributable to the investment made prior to August 14, 1982;
- Then, from any remaining "income on the contract"; and
- Lastly, from any remaining "investment in the contract."

The IRS has concluded that in certain instances, the partial exchange of a portion of one annuity contract for another contract will be tax-free. However, the IRS has reserved the right to treat transactions it considers abusive as ineligible for favorable partial 1035 tax-free exchange treatment. It is not certain whether the IRS would treat an immediate withdrawal or annuitization after a partial exchange as abusive. In addition, it is unclear how the IRS will treat a partial exchange from a life insurance, endowment, or annuity contract directly into an immediate annuity. Currently, we will accept a partial 1035 exchange from a nonqualified annuity into a deferred annuity or an immediate annuity as a tax-free transaction unless we believe that we would be expected to treat the transaction as abusive. We are not responsible for the manner in which any other insurance company, for tax-reporting purposes, or the IRS, with respect to the ultimate tax treatment, recognizes or reports a partial exchange. We strongly advise you to discuss any proposed 1035 exchange with your tax advisor prior to proceeding with the transaction.

Taxation of Income Phase Payments. Although tax consequences may vary depending on the payment option elected under an annuity contract, a portion of each income phase payment is generally not taxed and the remainder is taxed as ordinary income. The non-taxable portion of an income phase payment is generally determined in a manner that is designed to allow you to recover your investment in the contract ratably on a tax-free basis over the expected stream of income phase payments, as determined when income phase payments start. Once your investment in the contract has been fully recovered, however, the full amount of each income phase payment is subject to tax as ordinary income. The tax treatment of partial annuitizations is unclear. We currently treat any partial annuitizations as withdrawals rather than as income phase payments. Please consult your tax adviser before electing partial annuitization.

Death Benefits. Amounts may be distributed from the contract because of your death or the death of the annuitant. Generally, such amounts are includible in the income of the recipient as follows: (i) if distributed in a lump sum, such amounts are taxed in the same manner as a full withdrawal of the contract, or (ii) if distributed under a payment option, such amounts are taxed in the same way as income phase payments. Special rules may apply to amounts distributed after a beneficiary has elected to maintain contract value and receive payments.

Different distribution requirements apply if your death occurs:

- ▷ After you begin receiving income phase payments under the contract; or
- ▷ Before you begin receiving such distributions.

If your death occurs after you begin receiving income phase payments, distributions must be made at least as rapidly as under the method in effect at the time of your death.

If your death occurs before you begin receiving income phase payments, your entire balance must be distributed within five years after the date of your death. For example, if you died on September 1, 2005, your entire balance must be distributed by August 31, 2010. However, if distributions begin within one year of your death, then payments may be made over one of the following timeframes:

- ▷ Over the life of the designated beneficiary; or
- ▷ Over a period not extending beyond the life expectancy of the designated beneficiary.

If the designated beneficiary is your spouse, the contract may be continued with the surviving spouse as the new Contract Owner. If the Contract Owner is a non-natural person and the primary annuitant dies, the same rules apply on the death of the primary annuitant as outlined above for death of a Contract Owner.

Assignment and Other Transfers. A transfer, pledge, or assignment of ownership of a nonqualified contract, the selection of certain annuity dates, or the designation of an annuitant or payee other than an owner may result in certain tax consequences to you that are not discussed herein. The assignment, pledge or agreement to assign or pledge any portion of the contract value generally will be treated as a distribution. Anyone contemplating any such designation, transfer, assignment, selection or exchange should contact a tax adviser regarding the potential tax effects of such a transaction.

Immediate Annuities. Under Section 72 of the Tax Code, an immediate annuity means an annuity (i) that is purchased with a single premium, (ii) with income phase payments starting within one year of the date of purchase, and (iii) that provides a series of substantially equal periodic payments made annually or more frequently. Treatment as an immediate annuity will have significance with respect to exceptions from the 10% early withdrawal penalty, to contracts owned by non-natural persons, and for certain exchanges.

Multiple Contracts. Tax laws require that all deferred nonqualified annuity contracts that are issued by a company or its affiliates to the same contract owner during any calendar year be treated as one annuity contract for purposes of determining the amount includible in gross income under Tax Code section 72(e). In addition, the Treasury Department has specific authority to issue regulations that prevent the avoidance of Tax Code section 72(e) through the serial purchase of annuity contracts or otherwise.

Withholding. We will withhold and remit to the IRS a part of the taxable portion of each distribution made under a contract unless the distributee notifies us at or before the time of the distribution that he or she elects not to have any amounts withheld. Withholding is mandatory, however, if the distributee fails to provide a valid taxpayer identification number or if we are notified by the IRS that the taxpayer identification number we have on file is incorrect. The withholding rates applicable to the taxable portion of income phase payments are the same as the withholding rates generally applicable to payments of wages. In addition, a 10% withholding rate applies to the taxable portion of non-periodic payments. Regardless of whether you elect not to have federal income tax withheld, you are still liable for payment of federal income tax on the taxable portion of the payment.

If you or your 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.

III. Taxation of Qualified Contracts

General.

The contracts are designed for use with Tax Code section 403(b) plans, and as IRAs under Tax Code sections 408 and 408A ("qualified plans"). The tax rules applicable to participants in these qualified plans vary according to the type of plan and the terms and conditions of the plan itself. The ultimate effect of federal income taxes on the amounts held under a contract, or on annuity payments, depends on the type of retirement plan or program, the tax and employment status of the individual concerned, and on your tax status. Special favorable tax treatment may be available for certain types of contributions and distributions. In addition, certain requirements must be satisfied in purchasing a qualified contract with proceeds from tax-qualified plan or program in order to continue receiving favorable tax treatment.

Adverse tax consequences may result from: contributions in excess of specified limits; distributions before age 59 ½ (subject to certain exceptions); distributions that do not conform to specified commencement and minimum distribution rules; and in other specified circumstances. Some qualified plans are subject to additional distribution or other requirements that are not incorporated into our contract. Therefore, no attempt is made to provide more than general information about the use of the contracts with the various types of qualified plans. Contract owners, annuitants, and beneficiaries are cautioned that the rights of any person to any benefit under these qualified plans may be subject to the terms and conditions of the plan themselves, regardless of the terms and conditions of the contract, but we shall not be bound by the terms and conditions of such plans to the extent such terms contradict the contract, unless we consent.

Because the qualified plan is not part of the contract, we are not bound by the plan's terms or conditions. Contract owners and beneficiaries are responsible for determining that contributions, distributions and other transactions with respect to the contract comply with applicable law. Therefore, you should seek competent legal and tax advice regarding the suitability of a contract for your particular situation. The following discussion assumes that qualified contracts are purchased with proceeds from and/or contributions under retirement plans or programs that qualify for the intended special federal tax treatment.

Tax Deferral

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 403(b) annuity or an IRA under 408(b), 408(k) or 408A), 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 arrangement itself. Annuities do provide other features and benefits (such as the guaranteed benefit or 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.

Types of Qualified Contracts

The contracts are currently available in connection with the qualified plans listed below.

Section 403(b) Tax Sheltered Annuities. The contracts may be used by individuals whose premium payments are comprised solely of proceeds transferred or rolled-over from retirement plans that are intended to qualify as plans entitled to special income tax treatment under Tax Code section 403(b). Section 403(b) of the Tax Code allows employees of certain Tax Code Section 501(c)(3) organizations and public schools to exclude from their gross income the premium payments made, within certain limits, to a contract that will provide an annuity for the employee's retirement. Special favorable tax treatment may be available for certain types of contributions and distributions. In addition to the possible adverse tax consequences noted above, 403(b) plans may also be subject to additional distribution and other requirements that are not incorporated into our contract. The contract is not designed to accept additional contributions (other than transfers or rollovers from eligible plans).

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.

No attempt is made to provide more than general information about the use of the contracts with 403(b) plans.

Individual Retirement Annuities. Section 408 of the Tax Code permits eligible individuals to contribute to an individual retirement program known as an Individual Retirement Annuity ("IRA"). IRAs are subject to limits on the amounts that can be contributed, the deductible amount of the contribution, the persons who may be eligible, and the time when distributions commence. Also, distributions from IRAs, individual retirement accounts, and other types of retirement plans may be "rolled over" on a tax-deferred basis into an IRA. Employers may establish Simplified Employee Pension (SEP) plans to provide IRA contributions on behalf of their employees. If you make a tax-free rollover of a distribution from an IRA you may not make another tax-free rollover from the IRA within a 1-year period. Sales of the contract for use with IRAs may be subject to special requirements of the IRS.

Sales of a contract for use with an IRA may be subject to special requirements of the IRS. The IRS has not reviewed the contracts described in this prospectus for qualification as IRAs and has not addressed, in a ruling of general applicability, whether the contract's death benefit provisions comply with IRS qualification requirements.

Roth IRAs. Section 408A of the Tax Code permits certain eligible individuals to contribute to a Roth IRA. Contributions to a Roth IRA are subject to limits on the amount of contributions and the persons who may be eligible to contribute, are not deductible, and must be made in cash or as a rollover or transfer from another Roth IRA or other IRA. Certain qualifying individuals may convert an IRA, SEP, or a Savings Incentive Match Plan for Employees (SIMPLE) to a Roth IRA. Such rollovers and conversions are subject to tax, and other special rules may apply. If you make a tax-free rollover of a distribution from a Roth IRA to another Roth IRA, you may not make another tax-free rollover from the Roth IRA from which the rollover was made within a 1-year period. A 10% penalty may apply to amounts attributable to a conversion to a Roth IRA if the amounts are distributed during the five taxable years beginning with the year in which the conversion was made.

Sales of a contract for use with a Roth IRA may be subject to special requirements of the IRS. The IRS has not reviewed the contracts described in this prospectus for qualification as IRAs and has not addressed, in a ruling of general applicability, whether the contract's death benefit provisions comply with IRS qualification requirements.

Distributions - General

Certain tax rules apply to distributions from the contracts. A distribution is any amount taken from a contract including withdrawals, income phase payments, rollovers, exchanges and death benefit proceeds. We report the taxable portion of all distributions to the IRS.

Section 403(b) Plans. All distributions from these plans are taxed as received unless either of the following is true:

- ▷ The distribution is an eligible retirement plan and it is rolled over to another plan eligible to receive rollovers or to a traditional 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, the amount will be taxed according to the rules detailed in the Tax Code.

The Tax Code imposes a 10% penalty tax on the taxable portion of any distribution from a 403(b) plan unless certain exceptions, including one or more of the following, have occurred:

- a) You have attained age 59 1/2;
- b) You have become disabled, as defined in the Tax Code;
- c) You have died and the distribution is to your beneficiary;
- d) You have separated from service with the sponsor at or after age 55;
- e) The distribution amount is rolled over into another eligible retirement plan or to an IRA in accordance with the terms of the Tax Code;
- f) You have separated from service with the plan sponsor and the distribution amount is made in substantially equal periodic payments (at least annually) over your life or the life expectancy or the joint lives of joint life expectancies of you and your designated beneficiary;
- g) The distribution is made due to an IRS levy upon your contract; or
- h) The withdrawal amount is paid to an alternate payee under a Qualified Domestic Relations Order (QDRO).

In addition, the 10% 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.

Distribution of amounts restricted under Tax Code section 403(b)(11) may only occur upon your death, attainment of age 59 1/2, severance from employment, disability or financial hardship. Such distributions remain subject to other applicable restrictions under the Tax Code.

If, pursuant to Revenue Ruling 90-24, the Company agrees to accept, under any of the contracts, amounts transferred from a Tax Code section 403(b)(7) custodial account, such amounts will be subject to the withdrawal restrictions set forth in Tax Code section 403(b)(7)(A)(ii).

Individual Retirement Annuities. All distributions from an IRA are taxed as received unless either one of the following is true:

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

As with 403(b) plans, the Tax Code imposes a 10% penalty tax on the taxable portion of any distribution from an IRA unless certain exceptions have occurred. In general, except for the exception for separation from service, the exceptions for 403(b) plans listed above also apply to distributions from an IRA. The 10% 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 higher education expenses.

Roth IRAs. A qualified distribution from a Roth IRA is not taxed when it is received. A qualified distribution is a distribution:

- ▷ Made after the five-taxable year period beginning with the first taxable year for which a contribution was made to a Roth IRA of the owner; and
- ▷ Made after you attain age 59 1/2, die, become disabled as defined in the Tax Code or for a qualified first-time home purchase.

If a distribution is not qualified, it will be taxable to the extent of the accumulated earnings. A partial distribution will first be treated as a return of contributions which is not taxable and then as taxable accumulated earnings.

As with 403(b) plans and IRAs, the Tax Code imposes a 10% penalty tax on the taxable portion of any distribution from a Roth IRA that is not a qualified distribution unless certain exceptions have occurred. In general, except for the exception for separation from service, the exceptions for 403(b) plans listed above also apply to distributions from a Roth IRA that is not a qualified distribution or a rollover to a Roth IRA that is not a qualified rollover contribution. The 10% penalty tax is also waived on a distribution made from a Roth IRA to pay for health insurance premiums for certain unemployed individuals or used for a qualified first-time home purchase or for higher education expenses.

Required Minimum Distributions (Section 403(b) Plans and IRAs only)

To avoid certain tax penalties, you and any designated beneficiary must meet the required minimum distributions imposed by the Tax Code. These rules may dictate one or more of the following:

- ▷ Start date for distributions;
- ▷ The time period in which all amounts in your contract(s) must be distributed; or
- ▷ Distribution amounts.

Start Date. Generally, you must begin receiving distributions by April 1 of the calendar year following the calendar year in which you attain age 70 1/2 or retire, whichever occurs later, unless:

- ▷ You are a 5% owner or the contract is an IRA, in which case such distributions must begin by April 1 of the calendar year following the calendar year in which you attain age 70 1/2; or
- ▷ Under 403(b) plans, the Company maintains separate records of amounts held as of December 31, 1986. In this case distribution of these amounts generally must begin by the end of the calendar year in which you attain age 75 or retire, if later. However, if you take any distributions in excess of the minimum required amount, then special rules require that the excess be distributed from the December 31, 1986 balance be distributed earlier.

Time Period. We must pay out distributions from the contract over a period not extending beyond one of the following time periods:

- ▷ Over your life or the joint lives of you and your designated beneficiary; or
- ▷ Over a period not greater than your life expectancy or the joint life expectancies of you and your designated beneficiary.

Distribution Amounts. The amount of each periodic distribution must be calculated in accordance with Tax Code Section 401(a)(9).

50% Excise Tax. If you fail to receive the required minimum distribution for any tax year, a 50% excise tax may be imposed on the required amount that was not distributed. The death benefit under the contract may affect the amount of the required minimum distribution that must be taken.

Distributions Upon Death (Section 403(b) Plans and IRAs Only)

Different distribution requirements apply after your death, depending upon if you have begun receiving required minimum distributions.

If your death occurs on or after you begin receiving minimum distributions under the contract, distributions must be made at least as rapidly as under the method in effect at the time of your death. Tax Code section 401(a)(9) provides specific rules for calculating the minimum required distributions at your death.

If your death occurs before you begin receiving minimum distributions under the contract, your entire balance must be distributed by December 31 of the calendar year containing the fifth anniversary of the date of your death. For example, if you died on September 1, 2005, your entire balance must be distributed to the designated beneficiary by December 31, 2010. However, if distributions begin by December 31 of the calendar year following the calendar year of your death, then payments may be made within one of the following timeframes:

- ▷ Over the life of the designated beneficiary; or
- ▷ Over a period not extending beyond the life expectancy of the designated beneficiary.

Start Dates for Spousal Beneficiaries. If the designated beneficiary is your spouse, distributions must begin on or before the later of the following:

- ▷ December 31 of the calendar year following the calendar year of your death; or
- ▷ December 31 of the calendar year in which you would have attained age 70 1/2.

Special Rule for IRA Spousal Beneficiaries. In lieu of taking a distribution under these rules, a spousal beneficiary may elect to treat the contract as his or her own IRA and defer taking a distribution until his or her own start date. The surviving spouse is deemed to have made such an election if the surviving spouse makes a rollover to or from the contract or fails to take a distribution within the required time period.

Distributions Upon Death (Roth IRAs)

Upon the death of the contract owner, distribution must be made in accordance with Tax Code section 401(a)(9). Distribution requirements vary depending upon who the designated beneficiary is under the Roth IRA.

Non-spousal beneficiaries. If the designated beneficiary is someone other than the contract owner's surviving spouse, the entire interest must be distributed, starting by the end of the calendar year following the calendar year of the contract owner's death, over the remaining life expectancy of the designated beneficiary, with such life expectancy determined using the age of the beneficiary as of his or her birthday in the year following the year of the contract owner's death, or, if elected, by the end of the calendar year containing the fifth anniversary of the contract owner's death.

Spousal beneficiaries. If the contract owner's sole designated beneficiary is his or her surviving spouse, the entire interest must be distributed, starting by the end of the calendar year following the calendar year of the contract owner's death (or by the end of the calendar year in which the contract owner would have attained age 70 ½, if later), over such spouse's life, or, if elected, by the end of the calendar year containing the fifth anniversary of the contract owner's death. If the surviving spouse dies before required distributions commence to him or her, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the spouse's death, over the spouse's designated beneficiary's remaining life expectancy determined using such beneficiary's age as of his or her birthday in the year following the death of the spouse, or, if elected, by the end of the calendar year containing the fifth anniversary of the contract holder's death. If the surviving spouse dies after required distributions commence to him or her, any remaining interest must continue to be distributed under the contract option chosen.

No designated beneficiary. If there is no designated beneficiary, the entire interest must be distributed by the end of the calendar year containing the fifth anniversary of the contract owner's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under the "Spousal beneficiaries" section above.

Entire interest. The entire interest in the Roth IRA includes the amount of any outstanding rollover, transfer and recharacterization and the actuarial present value of any other benefits provided under the IRA, such as guaranteed death benefits.

Commencement date. With respect to the "Spousal beneficiaries" section above, required distributions are considered to commence on the date distributions are required to begin to the surviving spouse under such paragraph. However, if distributions start prior to the applicable date in the preceding sentence, on an irrevocable basis (except for acceleration) under an annuity contract meeting the requirements of section 1.401(a)(9)-6 of the Income Tax Regulations, then required distributions are considered to commence on the income phase start date.

Spousal assumption. If the sole designated beneficiary is the individual's surviving spouse, the spouse may elect to treat the Roth IRA as his or her own Roth IRA. This election will be deemed to have been made if such surviving spouse makes a contribution to the Roth IRA or fails to take required distributions as a beneficiary.

Withholding

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.

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.

IRAs and Roth IRAs. Generally, you or a designated beneficiary may elect not to have tax withheld from distributions.

Non-resident Aliens. If you or your 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.

Assignment and Other Transfers

Section 403(b) Plans. Adverse tax consequences to the 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
- ▷ The Company as collateral for a loan.

IRAS and Roth IRAs. Adverse tax consequences may result if you assign or transfer your interest in the contract to persons other than your spouse incident to a divorce. Anyone contemplating such an assignment or transfer should contact a qualified tax adviser regarding the potential tax effects of such a transaction.

IV. 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.

V. 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 contract 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 Financial Partners, 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 commissions paid on purchase payments to the contract range up to 0.50%. In addition, the Company may pay an asset based commission ranging up to 0.25%.

Individual registered representatives may receive all or a portion of compensation paid to their distributor, depending upon the firm's practices. Commissions and annual payments, when combined, could exceed 0.50% 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 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. | 13) Cadaret Grant & Co., Inc. |
| 2) Symetra Investment Services, Inc. | 14) Proequities, Inc. |
| 3) SunAmerica Securities, Inc. | 15) Investment Professionals, Inc. |
| 4) Securities America, Inc. | 16) Jefferson Pilot Securities Corporation |
| 5) ING Financial Partners, Inc. | 17) McGinn, Smith & Co., Inc. |
| 6) Financial Network Investment Corp. | 18) Linsco/Private Ledger Corp. |
| 7) Investacorp Inc. | 19) Queens Road Securities |
| 8) Huckin Financial Group | 20) A.G. Edwards & Sons |
| 9) National Planning Corporation | 21) Horan Securities, Inc. |
| 10) Walnut Street Securities, Inc. | 22) Lincoln Financial Advisors Corporation |
| 11) NIA Securities, L.L.C. | 23) Securities Service Network, Inc. |
| 12) MML Investors Services, Inc. | 24) Woodbury Financial Services, Inc. |
| | 25) M Holdings Securities, 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 distributor and the registered representative responsible for your contract are stated in your application materials.

Other Topics

The Company

ING Life Insurance and Annuity Company (the Company, we, us, our) issues the contracts described in this prospectus and is 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) in 1976 as a continuation of the separate account of Aetna Variable Annuity Life Insurance Company established in 1974 under Arkansas law. 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 (the "40 Act"). 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 pre-assigned 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 contracts are obligations of the Company.

Performance Reporting

We may 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 subaccounts 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 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.

We include all recurring charges during each period (e.g., mortality and expense risk charges, annual maintenance fees, administrative expense charges (if any) 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 charge. Some non-standardized returns may also exclude the effect of a maintenance fee. If we reflected these charges in the calculation, it 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. If you are a contract owner under the contract, you have a fully vested interest in the contract and may instruct the Company how to cast a certain number of votes. 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 written communication 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.

- ▷ During the accumulation phase the number of votes is equal to the portion of your contract value invested in the fund, divided by the net asset value of one share of that fund.
- ▷ During the income phase 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.

We may restrict or eliminate any voting rights of persons who have voting rights as to the separate account.

Contract Modifications

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. Only an authorized officer of the Company may change the terms of the contract.

Addition, Deletion or Substitution of Fund Shares

The Company, in its sole discretion, reserves the following rights:

- ▷ The Company may add to, delete from or substitute shares that may be purchased for or held in the separate account. The Company may establish additional subaccounts, each of which would invest in shares of a new portfolio of a fund or in shares of another investment company having a specified investment objective. Any new subaccounts may be made available to existing contract owners on a basis to be determined by the Company.

- ▷ The Company may, in its sole discretion, eliminate one or more subaccounts, or close subaccounts to new premium or transfers, if marketing, tax considerations or investment conditions warrant.
- ▷ If the shares of a fund are no longer available for investment or if in the Company's judgment further investment in a fund should become inappropriate in view of the purposes of the separate account, the Company may redeem the shares, if any, of that portfolio and substitute shares of another registered open-end management investment company.
- ▷ The Company may restrict or eliminate any voting privileges of contract owners or other persons who have voting privileges as to the separate account.
- ▷ The Company may make any changes required by the 1940 Act.
- ▷ In the event any of the foregoing changes or substitutions are made, the Company may endorse the contracts to reflect the change or substitution.

The Company's reservation of rights is expressly subject to the following when required:

- ▷ Applicable Federal and state laws and regulations.
- ▷ Notice to contract owners.
- ▷ Approval of the SEC and/or state insurance authorities.

Legal Matters and Proceedings

We are not aware of any pending legal proceedings which involve the separate account 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.

Payment Delay or Suspension

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

- ▷ On any valuation day when the New York Stock Exchange is closed (except customary weekend and holiday closings) 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 fairly determine the value of the subaccount's assets; or
- ▷ During any other periods the SEC may by order permit 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.

Transfers, Assignments or Exchanges of a Contract

A transfer of ownership or assignment of a contract, the designation of an annuitant, payee or other beneficiary who is not also the contract owner, or the exchange of a contract may result in certain tax consequences to the contract owner that are not discussed herein. A contract owner contemplating any such transfer, assignment, or exchange of a contract should contact a competent tax adviser with respect to the potential tax effects of such a transaction.

Involuntary Terminations

We reserve the right to terminate a contract if:

- ▷ The entire withdrawal value is withdrawn on or before income phase payments begin;
- ▷ The contract value is paid in a lump sum as a death benefit before income phase payments begin; or
- ▷ The outstanding loan balance equals or exceeds the contract value.

In addition, we may terminate the contract by payment of the current withdrawal value if:

- ▷ You have not made any purchase payments for a period of two years; and
- ▷ The guaranteed monthly benefit under the income phase option would be less than \$20 per month, provided that such amounts are not solely a result of negative investment performance.

Reports to Owners

At least once in each contract year we will mail you, at the last known address of record, a statement of your contract value. Written confirmation of every financial transaction made under the contract will be made immediately.

To reduce expenses, only one copy of most financial reports and prospectuses, including reports and prospectuses for the funds, will be mailed to your household, even if you or other persons in your household have more than one contract issued by us or one of our affiliates. Call us at the number listed in "Contract Overview-Questions: Contacting the Company" if you need additional copies of financial reports, prospectuses or annual and semi-annual reports or if you would like to receive one copy for each contract in all future mailings.

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. The following is a list of the contents of the SAI.

| | |
|---|-----|
| General Information and History | 2 |
| Variable Annuity Account C | 2 |
| Offering and Purchase of Contracts | 4 |
| Income Phase Payments | 4 |
| Sales Material and Advertising | 5 |
| Independent Registered Public Accounting Firm | 6 |
| Financial Statements of Variable Annuity Account C | S-1 |
| Consolidated Financial Statements of ING Life Insurance and Annuity Company | C-1 |

You may request an SAI by calling our administrative service center at the number listed in "Contract Overview-Questions: Contacting the Company" or by returning this request to our administrative service center at the address listed in "Contract Overview-Questions: Contacting the Company."

Your name _____

Address _____

City _____ State _____ Zip _____

Please send me a copy of the Variable Annuity Account C ING express Variable Annuity Statement of Additional Information.

No person is authorized to give any information or to make any representations other than those contained in this prospectus or accompanying fund prospectuses and, if given or made, such information or representations must not be relied upon as having been authorized. This prospectus does not constitute an offer or solicitation in any circumstances in which such offer or solicitation would be unlawful.

Appendix I

Description of Underlying Funds

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 Branch.

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.

| Fund Name | Investment Adviser/ Subadviser | Investment Objective(s)/ Summary of Principal Investments |
|--|--|--|
| ING Partners, Inc. – ING American Century Large Company Value Portfolio (Adviser Class) | 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. |
| ING Partners, Inc. - ING American Century Select Portfolio (Adviser Class) | 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. |

| Fund Name | Investment Adviser/ Subadviser | Investment Objective(s)/ Summary of Principal Investments |
|---|--|---|
| ING Partners, Inc. - ING American Century Small Cap Value Portfolio (Adviser Class) | 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. |
| ING Partners, Inc. - ING Baron Small Cap Growth Portfolio (Adviser Class) | 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. |
| ING Partners, Inc. - ING Fundamental Research Portfolio (Adviser Class) | 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. |
| ING Partners, Inc. - ING Goldman Sachs® Core Equity Portfolio* (Adviser Class) * 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 Sach Asset Management, L.P. | Seeks long-term growth of capital and dividend income. Invests, under normal circumstances, at least 90% of total assets in a diversified portfolio of equity investments in U.S. issuers, including foreign companies that are traded in the United States. |

| Fund Name | Investment Adviser/ Subadviser | Investment Objective(s)/ Summary of Principal Investments |
|---|--|--|
| ING Investors Trust - ING JPMorgan Emerging Markets Equity Portfolio (Adviser Class) | Directed Services, Inc. Subadviser: J.P. Morgan Investment Management Inc. | Seeks capital appreciation. Normally invests at least 80% of its assets in securities of issuers located in at least three countries with emerging securities markets. May also invest to a lesser extent in debt securities of issuers in countries with emerging markets. May also invest in high-quality, short-term money market instruments and repurchase agreements. |
| ING Partners, Inc. - ING JPMorgan Fleming International Portfolio (Adviser Class) | 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. |
| ING Partners, Inc. - ING JPMorgan Mid Cap Value Portfolio (Adviser Class) | 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. |
| ING Partners, Inc. - ING MFS Capital Opportunities Portfolio (Adviser Class) | 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). |
| ING Investors Trust - ING MFS Total Return Portfolio (Adviser Class) | Directed Services, Inc. Subadviser: Massachusetts Financial Services Company | Seeks above-average income (compared to a portfolio entirely invested in equity securities) consistent with the prudent employment of capital. Secondarily seeks reasonable opportunity for growth of capital and income. Invests in a combination of equity and fixed income securities. |

| Fund Name | Investment Adviser/ Subadviser | Investment Objective(s)/ Summary of Principal Investments |
|--|---|---|
| ING Partners, Inc. - ING Oppenheimer Global Portfolio (Adviser Class) | 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). |
| ING Partners, Inc. - ING Oppenheimer Strategic Income Portfolio (Adviser Class) | 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. |
| ING Partners, Inc. - ING PIMCO Total Return Portfolio (Adviser Class) | 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. |
| ING Partners, Inc. - ING Salomon Brothers Aggressive Growth Portfolio (Adviser Class) | 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). |

| Fund Name | Investment Adviser/ Subadviser | Investment Objective(s)/ Summary of Principal Investments |
|--|---|--|
| ING Partners, Inc. - ING Salomon Brothers Large Cap Growth Portfolio (Adviser Class) | ING Life Insurance and Annuity Company Subadviser: Salomon Brothers Asset Management Inc | Seeks long-term capital appreciation. Normally invests at least 80% of net assets in equity securities of large-cap companies and related investments. For this 80% policy, large cap companies are considered to be companies with market capitalizations at the time of purchase similar to companies in the Russell 1000 Index. Equity securities include U.S. exchange traded and over-the-counter common stocks, debt securities convertible into equity securities, and warrants and rights relating to equity securities. |
| ING Partners, Inc. - ING Solution 2015 Portfolio (Adviser Class) | ING Life Insurance and Annuity Company | Until the day prior to the Target Date, the Portfolio will seek to provide total return consistent with an asset allocation targeted at retirement in approximately 2015. On the Target Date, the investment objective will be to seek to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement. Invests in a combination of Underlying Funds which are active and passive U.S. stock, international stock, U.S. bond and other fixed-income investments using asset allocation strategies designed for investors expecting to retire around the year 2015. Subject to SEC approval, may also invest a portion of its assets in insurance company fixed contracts. |
| ING Partners, Inc. - ING Solution 2025 Portfolio (Adviser Class) | ING Life Insurance and Annuity Company | Until the day prior to the Target Date, the Portfolio will seek to provide total return consistent with an asset allocation targeted at retirement in approximately 2025. On the Target Date, the investment objective will be to seek to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement. Invests in a combination of Underlying Funds which are active and passive U.S. stock, international stock, U.S. bond and other fixed-income investments using asset allocation strategies designed for investors expecting to retire around the year 2025. Subject to SEC approval, may also invest a portion of its assets in insurance company fixed contracts. |

| Fund Name | Investment Adviser/ Subadviser | Investment Objective(s)/ Summary of Principal Investments |
|--|--|---|
| ING Partners, Inc. - ING Solution 2035 Portfolio (Adviser Class) | ING Life Insurance and Annuity Company | Until the day prior to the Target Date, the Portfolio will seek to provide total return consistent with an asset allocation targeted at retirement in approximately 2035. On the Target Date, the investment objective will be to seek to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement. Invests in a combination of Underlying Funds which are active and passive U.S. stock, international stock, U.S. bond and other fixed-income investments using asset allocation strategies designed for investors expecting to retire around the year 2035. |
| ING Partners, Inc. - ING Solution 2045 Portfolio (Adviser Class) | ING Life Insurance and Annuity Company | Until the day prior to the Target Date, the Portfolio will seek to provide total return consistent with an asset allocation targeted at retirement in approximately 2045. On the Target Date, the investment objective will be to seek to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement. Invests in a combination of Underlying Funds which are active and passive U.S. stock, international stock, U.S. bond and other fixed-income investments using asset allocation strategies designed for investors expecting to retire around the year 2045. |
| ING Partners, Inc. – ING Solution Income Portfolio (Adviser Class) | ING Life Insurance and Annuity Company | Seeks to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement. Invests in a combination of Underlying Funds which are active and passive U.S. stock, international stock, U.S. bond and other fixed-income investments using asset allocation strategies designed for investors expecting to retire soon or are already retired. Subject to SEC approval, may also invest a portion of its assets in insurance company fixed contracts. |
| ING Partners, Inc. - ING T. Rowe Price Diversified Mid Cap Growth Portfolio (Adviser Class) | 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. |

| Fund Name | Investment Adviser/ Subadviser | Investment Objective(s)/ Summary of Principal Investments |
|--|--|---|
| ING Investors Trust - ING T. Rowe Price Equity Income Portfolio (Adviser Class) | Directed Services, Inc. Subadviser: T. Rowe Price Associates, Inc. | Seeks substantial dividend income as well as long-term growth of capital. Normally invests at least 80% of its assets in common stocks, with 65% in the common stocks of well-established companies paying above-average dividends. May also invest in convertible securities, warrants and preferred stocks, foreign securities, debt securities including high-yield debt securities and future and options. |
| ING Partners, Inc. - ING T. Rowe Price Growth Equity Portfolio (Adviser Class) | 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. |
| ING Partners, Inc. - ING Van Kampen Comstock Portfolio (Adviser Class) | ING Life Insurance and Annuity Company Subadviser: Van Kampen* * Morgan Stanley Investment Management Inc. does business in certain instances (including in its role as subadviser to the Portfolio) under the name "Van Kampen" | 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. |
| ING Partners, Inc. - ING Van Kampen Equity and Income Portfolio (Adviser Class) | ING Life Insurance and Annuity Company Subadviser: Van Kampen* * Morgan Stanley Investment Management Inc. does business in certain instances (including in its role as subadviser to the Portfolio) under the name "Van Kampen" | 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. |

| Fund Name | Investment Adviser/ Subadviser | Investment Objective(s)/ Summary of Principal Investments |
|--|---|--|
| ING Variable Portfolios, Inc. – ING VP Index Plus LargeCap Portfolio (Class S) | 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. |
| ING Variable Portfolios, Inc. – ING VP Index Plus MidCap Portfolio (Class S) | 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. |
| ING Variable Portfolios, Inc. – ING VP Index Plus SmallCap Portfolio (Class S) | 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. |
| ING Variable Portfolios, Inc. – ING VP International Equity Portfolio (Class S) | 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. |

| Fund Name | Investment Adviser/ Subadviser | Investment Objective(s)/ Summary of Principal Investments |
|--|---|--|
| ING Variable Products Trust – ING VP International Value Portfolio (Class S) | 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. |
| ING Variable Products Trust – ING VP MidCap Opportunities Portfolio (Class S) | ING Investments, LLC Subadviser: ING Investment Management Co. | Seeks long-term capital appreciation. Normally invests at least 80% of assets in the common stocks of mid-sized U.S. companies that the sub-adviser believes have above average prospects for growth. For this Portfolio, mid-size companies are those with market capitalizations that fall within the range of companies in the Russell MidCap Growth Index. |
| ING Variable Portfolios, Inc. – ING VP Money Market Portfolio (Class I) | 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. There is no guarantee that the ING VP Money Market Subaccount will have a positive or level return. |
| ING Variable Portfolios, Inc. – ING VP Small Company Portfolio (Class S) | 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. |
| ING Variable Products Trust – ING VP SmallCap Opportunities Portfolio (Class S) | ING Investments, LLC Subadviser: ING Investment Management Co. | Seeks long-term capital appreciation. Normally invests at least 80% of assets in the common stock of smaller, lesser-known U.S. companies that the sub-adviser believes have above average prospects for growth. For this Portfolio, smaller companies are those with market capitalizations that fall within the range of companies in the Russell 2000 Growth Index. |

I hereby acknowledge receipt of Variable Annuity Account C prospectus for ING express Variable Annuity dated December 19, 2005.

____ Please send an Account C Statement of Additional Information (Form No. SAI.129091-05) dated December 19, 2005.

CONTRACT HOLDER'S SIGNATURE

DATE

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

Statement of Additional Information dated December 19, 2005

**For
ING EXPRESS VARIABLE ANNUITY**

Individual Variable Multiple Option Annuity Contracts

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 December 19, 2005.

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

ING
USFS Customer Service
Defined Contribution Administration, TS21
151 Farmington Avenue
Hartford, CT 06156-1277

1-800-262-3862

Read the prospectus before you invest. Unless otherwise indicated, terms used in this Statement of Additional Information have the same meaning as in the prospectus.

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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 management affiliates, ING Investment Management Co. and 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 principal underwriter and 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 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 costs 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. 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 substitution of available variable 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. The funds currently available under the contract are as follows:

ING American Century Large Company Value Portfolio (Adviser Class)
ING American Century Select Portfolio (Adviser Class)
ING American Century Small Cap Value Portfolio (Adviser Class)
ING Baron Small Cap Growth Portfolio (Adviser Class)
ING Fundamental Research Portfolio (Adviser Class)
ING Goldman Sachs® Core Equity Portfolio (Adviser Class)
ING JPMorgan Emerging Markets Equity Portfolio (Adviser Class)
ING JPMorgan Fleming International Portfolio (Adviser Class)
ING JPMorgan Mid Cap Value Portfolio (Adviser Class)
ING MFS Capital Opportunities Portfolio (Adviser Class)
ING MFS Total Return Portfolio (Adviser Class)
ING Oppenheimer Global Portfolio (Adviser Class)
ING Oppenheimer Strategic Income Portfolio (Adviser Class)
ING PIMCO Total Return Portfolio (Adviser Class)
ING Salomon Brothers Aggressive Growth Portfolio (Adviser Class)
ING Salomon Brothers Large Cap Growth Portfolio (Adviser Class)
ING Solution 2015 Portfolio (Adviser Class)¹
ING Solution 2025 Portfolio (Adviser Class)¹
ING Solution 2035 Portfolio (Adviser Class)¹
ING Solution 2045 Portfolio (Adviser Class)¹
ING Solution Income Portfolio (Adviser Class)
ING T. Rowe Price Diversified Mid Cap Growth Portfolio (Adviser Class)
ING T. Rowe Price Equity Income Portfolio (Adviser Class)
ING T. Rowe Price Growth Equity Portfolio (Adviser Class)
ING Van Kampen Comstock Portfolio (Adviser Class)
ING Van Kampen Equity and Income Portfolio (Adviser Class)
ING VP Index Plus LargeCap Portfolio (Class S)
ING VP Index Plus MidCap Portfolio (Class S)
ING VP Index Plus SmallCap Portfolio (Class S)
ING VP International Equity Portfolio (Class S)
ING VP International Value Portfolio (Class S)
ING VP MidCap Opportunities Portfolio (Class S)
ING VP Money Market Fund (Class I)
ING VP Small Company Portfolio (Class S)
ING VP SmallCap Opportunities Portfolio (Class S)

Complete descriptions of each of the funds, including their investment objectives, policies, risks and fees and expenses, is contained in the prospectuses and statements of additional information for each of the funds.

¹ These portfolios are structured as fund of funds that invest directly in shares of underlying funds. See "Fees – Fund Fees and Expenses" for additional information.

OFFERING AND PURCHASE OF CONTRACTS

The Company's subsidiary, ING Financial Advisers, LLC serves as the principal underwriter for 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 sections titled "Contract - Ownership and Rights" and "Your Account Value."

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.

SALES MATERIAL AND ADVERTISING

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

We may distribute sales literature that compares the percentage change in accumulation unit values for any of the subaccounts to established market indices such as the Standard & Poor's 500 Stock Index and the Dow Jones Industrial Average or to the percentage change in values of other management investment companies that have investment objectives similar to the subaccount being compared.

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 categorize funds in terms of the asset classes they represent and use such categories in marketing material for the contracts. 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 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 or participants. 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, dollar cost averaging, 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

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

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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*SM 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 TrustSM:
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 FundSM - Class R-3
 Washington Mutual Investors FundSM - 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> |
|-------------------------------------|------------------------------------|--|---------------------------------|--|---------------------------------|----------------------------|
| Assets | | | | | | |
| 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> |
| Net assets | | | | | | |
| 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)

| | AIM V.I. Premier Equity | Alliance- Bernstein Growth and Income Fund | Alliance- Bernstein Growth and Income Portfolio | American Balanced Fund® | American Century® Income & Growth |
|-------------------------------------|--|---|--|--|--|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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
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| | Ariel Appreciation | Ariel | Baron Asset | Baron Growth | Calvert Social Balanced |
|-------------------------------------|-------------------------------|-------------------|------------------------|-------------------------|--|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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| | EuroPacific Growth Fund® - Class R-3 | EuroPacific Growth Fund® - Class R-4 | Evergreen Special Values | Fidelity® Advisor Mid Cap | Fidelity® VIP Contrafund® |
|-------------------------------------|---|---|---|--|--------------------------------------|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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| | Fidelity® VIP Equity- Income | Fidelity® VIP Growth | Fidelity® VIP High Income | Fidelity® VIP Asset ManagerSM | Fidelity® VIP Index 500 |
|-------------------------------------|---|---------------------------------|--------------------------------------|---|------------------------------------|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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| | Fidelity® VIP Overseas | Franklin Small-Mid Cap Growth | Franklin Small Cap Value Securities | The Growth Fund of America® - Class R-3 | The Growth Fund of America® - Class R-4 |
|-------------------------------------|-----------------------------------|--|--|--|--|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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| | The Income Fund of America® - Class R-3 | ING GET Fund - Series H | ING GET Fund - Series I | ING GET Fund - Series J | ING GET Fund - Series K |
|-------------------------------------|--|--|--|--|--|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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ING LIFE INSURANCE AND ANNUITY COMPANY
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| | ING GET Fund - Series L | ING GET Fund - Series Q | ING GET Fund - Series S | ING VP Balanced | ING VP Emerging Markets |
|-------------------------------------|--|--|--|----------------------------|--|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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ING LIFE INSURANCE AND ANNUITY COMPANY
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| | ING VP Intermediate Bond | ING VP Money Market | ING VP Natural Resources | ING Julius Baer Foreign | ING MFS Total Return |
|-------------------------------------|---|------------------------------------|---|------------------------------------|-------------------------------------|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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| | ING T. Rowe Price Equity Income | ING Aeltus Enhanced Index | ING American Century Select | ING American Century Small Cap Value | ING Baron Small Cap Growth |
|-------------------------------------|--|--|--|---|---|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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| | ING Goldman Sachs® Capital Growth | ING JPMorgan International | ING JPMorgan Mid Cap Value | ING MFS Capital Opportunities | ING OpCap Balanced Value |
|-------------------------------------|--|---|---|--|---|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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| | ING Oppenheimer Global | ING PIMCO Total Return | ING Salomon Brothers Aggressive Growth - Initial Class | ING Salomon Brothers Aggressive Growth - Service Class | ING Salomon Brothers Fundamental Value |
|-------------------------------------|---------------------------------------|---|---|---|---|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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| | ING Salomon Brothers Investors Value | 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 | ING UBS U.S. Large Cap Equity |
|-------------------------------------|---|---|--|--|--|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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| | ING Van Kampen Comstock | ING Van Kampen Equity and Income | ING VP Strategic Allocation Balanced | ING VP Strategic Allocation Growth | ING VP Strategic Allocation Income |
|-------------------------------------|--|---|---|---|---|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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| | ING Financial Services | ING VP Growth and Income | ING GET US Core - Series 1 | ING GET US Core - Series 2 | ING GET US Core - Series 3 |
|-------------------------------------|---------------------------------------|---|---|---|---|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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| | ING GET US Core - Series 5 | ING GET US Core - Series 6 | ING GET US Core - Series 7 | ING GNMA Income | ING Intermediate Bond |
|-------------------------------------|---|---|---|----------------------------|--------------------------------------|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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| | ING VP Global Science and Technology | ING VP Growth | ING VP Index Plus LargeCap | ING VP Index Plus MidCap | ING VP Index Plus SmallCap |
|-------------------------------------|---|--------------------------|---|---|---|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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)

| | ING VP International Equity | ING VP Small Company | ING VP Value Opportunity | ING VP Financial Services | ING VP International Value |
|-------------------------------------|--|-------------------------------------|---|--|---|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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)

| | ING VP MagnaCap | ING VP MidCap Opportunities | ING VP Real Estate | ING VP SmallCap Opportunities | ING Real Estate |
|-------------------------------------|----------------------------|--|-------------------------------|--|----------------------------|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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

| | Janus Advisor Series Balanced | Janus Aspen Balanced | Janus Aspen Capital Appreciation | Janus Aspen Flexible Income | Janus Aspen Growth |
|-------------------------------------|--|---------------------------------|---|--|-------------------------------|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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)

| | Janus Aspen Mid Cap Growth | Janus Aspen Worldwide Growth | Janus Twenty | Lord Abbett Affiliated | Lord Abbett Growth and Income |
|-------------------------------------|---|---|-------------------------|-----------------------------------|--|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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

| | Lord Abbett Mid-Cap Value - Class VC | Lord Abbett Mid Cap Value - Class A | Lord Abbett Small-Cap Value | Massachusetts Investors Growth Stock | MFS® Total Return |
|-------------------------------------|---|--|--|---|----------------------------------|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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> |

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

| | Moderate Allocation | Mutual Discovery | New Perspective Fund® - Class R-3 | New Perspective - Fund® - Class R-4 | Oppenheimer Capital Appreciation |
|---|--------------------------------|-----------------------------|--|--|---|
| Assets | | | | | |
| Investments in mutual funds | | | | | |
| at fair value | \$ 63 | \$ 186 | \$ 204 | \$ 8,638 | \$ 217 |
| Total assets | 63 | 186 | 204 | 8,638 | 217 |
| Net assets | <u>\$ 63</u> | <u>\$ 186</u> | <u>\$ 204</u> | <u>\$ 8,638</u> | <u>\$ 217</u> |
| Net assets | | | | | |
| Accumulation units | \$ 63 | \$ 186 | \$ 204 | \$ 8,638 | \$ 217 |
| Contracts in payout (annuitization) period | - | - | - | - | - |
| 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> |

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ING LIFE INSURANCE AND ANNUITY COMPANY
VARIABLE ANNUITY ACCOUNT C
Statements of Assets and Liabilities
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(Dollars in thousands)

| | Oppenheimer Developing Markets | Oppenheimer Global | Oppenheimer Main Street Fund® - Class A | Oppenheimer Aggressive Growth | Oppenheimer Global Securities |
|-------------------------------------|---|-------------------------------|--|--|--|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| Accumulation units | \$ 37,377 | \$ 4 | \$ 13 | \$ - | \$ 409,412 |
| Contracts in payout (annuitization) | | | | | |
| period | - | - | - | 3 | 956 |
| 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)

| | Oppenheimer Main Street® Fund/VA | Oppenheimer Main Street® Small Cap | Oppenheimer Strategic Bond | Pax World Balanced | PIMCO NFJ Small-Cap Value |
|-------------------------------------|---|---|---|-------------------------------|--|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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)

| | PIMCO VIT | Pioneer | Pioneer | Pioneer | Pioneer |
|-------------------------------------|---------------------|-------------------|----------------------|-----------------|---------------------|
| | Real Return | High Yield | Equity | Fund | Fund VCT |
| | <u>Real Return</u> | <u>High Yield</u> | <u>Income VCT</u> | <u>Fund</u> | <u>Fund VCT</u> |
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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
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(Dollars in thousands)

| | Pioneer High Yield VCT | Pioneer Mid Cap Value VCT | Scudder Equity 500 Index | T. Rowe Price Mid-Cap Value | Templeton Foreign |
|-------------------------------------|---------------------------------------|--|---|--|------------------------------|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| Accumulation units | \$ 4,468 | \$ 49,397 | \$ 2 | \$ 619 | \$ 450 |
| Contracts in payout (annuitization) | | | | | |
| period | - | 267 | - | - | - |
| 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> |
|-------------------------------------|-----------------------------|----------------------------------|--|--------------------------------|---|
| Assets | | | | | |
| 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> |
| Net assets | | | | | |
| 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)

| | <u>Wanger Select</u> | <u>Wanger U.S. Smaller Companies</u> | <u>Washington Mutual InvestorsSM - Class R-3</u> | <u>Washington Mutual InvestorsSM - Class R-4</u> |
|-------------------------------------|--------------------------|--|---|---|
| Assets | | | | |
| 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> |
| Net assets | | | | |
| 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> |
|--|------------------------------------|--|---------------------------------|--|---------------------------------|----------------------------|
| Net investment income (loss) | | | | | | |
| 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) |
| Realized and unrealized gain (loss) on investments | | | | | | |
| 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)

| | AIM V.I. Premier Equity | Alliance- Bernstein Growth and Income Fund | Alliance- Bernstein Growth and Income Portfolio | American Balanced Fund® | American Century® Income & Growth |
|--|--|---|--|--|--|
| Net investment income (loss) | | | | | |
| 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 |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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> |
|--|-------------------------------|--------------|------------------------|-------------------------|--|
| Net investment income (loss) | | | | | |
| 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 |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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> |

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

| | EuroPacific Growth Fund® - Class R-3 | EuroPacific Growth Fund® - Class R-4 | Evergreen Special Values | Fidelity® Advisor Mid Cap | Fidelity® VIP Contrafund® |
|--|---|---|---|--|--------------------------------------|
| Net investment income (loss) | | | | | |
| 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) |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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)

| | Fidelity® VIP Equity- Income | Fidelity® VIP Growth | Fidelity® VIP High Income | Fidelity® VIP Asset ManagerSM | Fidelity® VIP Index 500 |
|--|---|---------------------------------|--------------------------------------|---|------------------------------------|
| Net investment income (loss) | | | | | |
| 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 |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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> |

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ING LIFE INSURANCE AND ANNUITY COMPANY
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| | Fidelity® VIP Overseas | Franklin Small-Mid Cap Growth | Franklin Small Cap Value Securities | The Growth Fund of America® - Class R-3 | The Growth Fund of America® - Class R-4 |
|--|---------------------------------------|--|--|--|--|
| Net investment income (loss) | | | | | |
| 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 |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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
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| | The Income Fund of America® - Class R-3 | ING GET Fund - Series D | ING GET Fund - Series E | ING GET Fund - Series G | ING GET Fund - Series H |
|--|--|--|--|--|--|
| Net investment income (loss) | | | | | |
| 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 |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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
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(Dollars in thousands)

| | 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 |
|--|--|--|--|--|--|
| Net investment income (loss) | | | | | |
| 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 |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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
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(Dollars in thousands)

| | ING GET | | ING VP | ING VP | ING VP |
|--|-----------------|-----------------|-----------------|---------------------|---------------|
| | Fund - | ING VP | Emerging | Intermediate | Money |
| | Series S | Balanced | Markets | Bond | Market |
| Net investment income (loss) | | | | | |
| 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 |
| Realized and unrealized gain (loss) | | | | | |
| on investments | | | | | |
| 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
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(Dollars in thousands)

| | ING VP Natural Resources | ING Julius Baer Foreign | ING MFS Total Return | ING T. Rowe Price Equity Income | ING Aeltus Enhanced Index |
|--|---|------------------------------------|-------------------------------------|--|--|
| Net investment income (loss) | | | | | |
| 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) |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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> |

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ING LIFE INSURANCE AND ANNUITY COMPANY
VARIABLE ANNUITY ACCOUNT C
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(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 |
|--|-----------------------------------|---|----------------------------------|--|----------------------------------|
| Net investment income (loss) | | | | | |
| 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 |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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
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| | ING JPMorgan Mid Cap Value | ING MFS Capital Opportunities | ING OpCap Balanced Value | ING Oppenheimer Global | ING PIMCO Total Return |
|--|-------------------------------------|-------------------------------------|-----------------------------------|------------------------------|---------------------------------|
| Net investment income (loss) | | | | | |
| 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) |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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
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| | ING Salomon Brothers Aggressive Growth - Initial Class | ING Salomon Brothers Aggressive Growth - Service Class | ING Salomon Brothers Fundamental Value | ING Salomon Brothers Investors Value | ING T. Rowe Price Diversified Mid Cap Growth - Initial Class |
|--|---|---|---|---|---|
| Net investment income (loss) | | | | | |
| 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) | - |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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
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| | 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 | ING UBS U.S. Large Cap Equity | ING Van Kampen Comstock |
|--|---|--|--|--|--|
| Net investment income (loss) | | | | | |
| 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) |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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
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| | ING Van Kampen Equity and Income | ING VP Strategic Allocation Balanced | ING VP Strategic Allocation Growth | ING VP Strategic Allocation Income | ING Financial Services |
|--|---|---|---|---|---------------------------------------|
| Net investment income (loss) | | | | | |
| 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 | - |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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
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| | ING VP Growth and Income | ING GET US Core - Series 1 | ING GET US Core - Series 2 | ING GET US Core - Series 3 | ING GET US Core - Series 5 |
|--|---|---|---|---|---|
| Net investment income (loss) | | | | | |
| 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) |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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 | <u>\$ 148,445</u> | <u>\$ 48</u> | <u>\$ 462</u> | <u>\$ (270)</u> | <u>\$ 33</u> |

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

ING LIFE INSURANCE AND ANNUITY COMPANY
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| | ING GET US Core - Series 6 | ING GET US Core - Series 7 | ING GNMA Income | ING Intermediate Bond | ING VP Global Science and Technology |
|--|---|---|----------------------------|--------------------------------------|---|
| Net investment income (loss) | | | | | |
| 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) |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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
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| | ING VP Growth | ING VP Index Plus LargeCap | ING VP Index Plus MidCap | ING VP Index Plus SmallCap | ING VP International Equity |
|--|--------------------------|---|---|---|--|
| Net investment income (loss) | | | | | |
| 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 |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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
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| | ING VP Small Company | ING VP Value Opportunity | ING VP Financial Services | ING VP Growth Opportunities | ING VP International Value |
|--|-------------------------------------|---|--|--|---|
| Net investment income (loss) | | | | | |
| 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 |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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
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| | ING VP MagnaCap | ING VP MidCap Opportunities | ING VP Real Estate | ING VP SmallCap Opportunities | ING Real Estate |
|--|----------------------------|--|-------------------------------|--|----------------------------|
| Net investment income (loss) | | | | | |
| 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 |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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
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| | Janus Advisor Series Balanced | Janus Aspen Balanced | Janus Aspen Capital Appreciation | Janus Aspen Flexible Income | Janus Aspen Growth |
|--|--|---------------------------------|---|--|-------------------------------|
| Net investment income (loss) | | | | | |
| 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) |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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)

| | Janus Aspen Mid Cap Growth | Janus Aspen Worldwide Growth | Janus Twenty | Lord Abbett Affiliated | Lord Abbett Growth and Income |
|--|---|---|-------------------------|-----------------------------------|--|
| Net investment income (loss) | | | | | |
| 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) | - | - |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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)

| | Lord Abbett Mid-Cap Value - Class VC | Lord Abbett Mid Cap Value - Class A | Lord Abbett Small-Cap Value | Massachusetts Investors Growth Stock | MFS® Total Return |
|--|---|--|--|---|------------------------------|
| Net investment income (loss) | | | | | |
| 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 |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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> |

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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> |
|--|--------------------------------|-----------------------------|--|--|---|
| Net investment income (loss) | | | | | |
| 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) |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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)

| | Oppenheimer Developing Markets | Oppenheimer Global | Oppenheimer Main Street Fund® - Class A | Oppenheimer Aggressive Growth | Oppenheimer Global Securities |
|--|---|-------------------------------|--|--|--|
| Net investment income (loss) | | | | | |
| 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 |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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)

| | Oppenheimer Main Street® Fund/VA | Oppenheimer Main Street® Small Cap | Oppenheimer Strategic Bond | Pax World Balanced | PIMCO NFJ Small-Cap Value |
|--|---|---|---|-------------------------------|--|
| Net investment income (loss) | | | | | |
| 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 |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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)

| | PIMCO VIT | Pioneer | Pioneer | Pioneer | Pioneer Fund |
|--|--------------------|-------------------|-------------------|----------------|---------------------|
| | Real Return | High Yield | Equity | Fund | Fund |
| | | | Income VCT | | VCT |
| Net investment income (loss) | | | | | |
| 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 |
| Realized and unrealized gain (loss) | | | | | |
| on investments | | | | | |
| 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)

| | Pioneer High Yield VCT | Pioneer Mid Cap Value VCT | Scudder Equity 500 Index | T. Rowe Price Mid-Cap Value | Templeton Foreign |
|--|---------------------------------------|--|---|--|------------------------------|
| Net investment income (loss) | | | | | |
| 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 |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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 |

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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> |
|--|-----------------------------|----------------------------------|--|--------------------------------|---|
| Net investment income (loss) | | | | | |
| 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) |
| Realized and unrealized gain (loss) on investments | | | | | |
| 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> |

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

| | Wanger Select | Wanger U.S. Smaller Companies | Washington Mutual InvestorsSM - Class R-3 | Washington Mutual InvestorsSM - Class R-4 |
|--|--------------------------|--|---|---|
| Net investment income (loss) | | | | |
| 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 |
| Realized and unrealized gain (loss) on investments | | | | |
| 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 |
|--|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|-----------------------------|
| Net assets at January 1, 2003 | \$ - | \$ - | \$ - | \$ 15,302 | \$ 34,728 |
| Increase (decrease) in net assets from operations | | | | | |
| 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 |
| Net assets at December 31, 2003 | - | - | - | 20,562 | 42,522 |
| Increase (decrease) in net assets from operations | | | | | |
| 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) |
| Net assets at December 31, 2004 | <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)

| | AIM V.I. Growth | AIM V.I. Premier Equity | Alliance- Bernstein Growth and Income Fund | Alliance- Bernstein Growth and Income Portfolio |
|---|----------------------------|--|---|--|
| Net assets at January 1, 2003 | \$ 11,403 | \$ 15,977 | \$ - | \$ - |
| Increase (decrease) in net assets from operations | | | | |
| 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 | - | - |
| Net assets at December 31, 2003 | 17,055 | 21,041 | - | - |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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 |
|---|-------------------------------|--|-----------------------|--------|
| Net assets at January 1, 2003 | \$ - | \$ 1,152 | \$ - | \$ - |
| Increase (decrease) in net assets from operations | | | | |
| 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 | - | - |
| Net assets at December 31, 2003 | - | 2,491 | - | - |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | \$ 1,269 | \$ 4,389 | \$ 192 | \$ 154 |

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
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| | Baron Asset | Baron Growth | Calvert Social Balanced | EuroPacific Growth Fund® - Class R-3 |
|--|------------------------|-------------------------|--|---|
| Net assets at January 1, 2003 | \$ - | \$ - | \$ 49,766 | \$ - |
| Increase (decrease) in net assets from operations | | | | |
| 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 | - |
| Net assets at December 31, 2003 | - | - | 60,576 | - |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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)

| | EuroPacific Growth Fund® - Class R-4 | Evergreen Special Values | Fidelity® Advisor Mid Cap | Fidelity® VIP Contrafund® |
|---|---|---|--|--------------------------------------|
| Net assets at January 1, 2003 | \$ - | \$ 9,367 | \$ - | \$ 382,356 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2003 | - | 17,138 | - | 564,372 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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 SM |
|---|------------------------------------|-------------------------|------------------------------|--|
| Net assets at January 1, 2003 | \$ 226,895 | \$ 277,744 | \$ 3,569 | \$ 18,235 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2003 | 327,820 | 380,196 | 7,292 | 21,727 |
| Increase (decrease) in net assets from operations | | | | |
| 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) |
| Net assets at December 31, 2004 | <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)

| | Fidelity® VIP Index 500 | Fidelity® VIP Overseas | Franklin Small-Mid Cap Growth | Franklin Small Cap Value Securities |
|---|------------------------------------|-----------------------------------|--|--|
| Net assets at January 1, 2003 | \$ 72,668 | \$ 14,076 | \$ - | \$ 7,951 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2003 | 101,046 | 30,341 | - | 15,883 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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)

| | 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 - Series D |
|---|--|--|--|--|
| Net assets at January 1, 2003 | \$ - | \$ - | \$ - | \$ 234,066 |
| Increase (decrease) in net assets from operations | | | | |
| 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) |
| Net assets at December 31, 2003 | - | - | - | 152,769 |
| Increase (decrease) in net assets from operations | | | | |
| 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) |
| Net assets at December 31, 2004 | <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 |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Net assets at January 1, 2003 | \$ 104,443 | \$ 29,756 | \$ 23,282 | \$ 1,190 |
| Increase (decrease) in net assets from operations | | | | |
| 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) |
| Net assets at December 31, 2003 | 79,656 | 23,831 | 18,535 | 1,092 |
| Increase (decrease) in net assets from operations | | | | |
| 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) |
| Net assets at December 31, 2004 | \$ - | \$ - | \$ 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 |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Net assets at January 1, 2003 | \$ 394 | \$ 2,048 | \$ 1,187 | \$ 5,031 |
| Increase (decrease) in net assets from operations | | | | |
| 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) |
| Net assets at December 31, 2003 | 386 | 1,736 | 1,049 | 4,385 |
| Increase (decrease) in net assets from operations | | | | |
| 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) |
| Net assets at December 31, 2004 | \$ 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)

| | ING GET | | ING VP | | ING VP | | ING VP |
|---|-----------------|--|-----------------|--|-----------------|--|---------------------|
| | Fund - | | ING VP | | Emerging | | Intermediate |
| | Series S | | Balanced | | Markets | | Bond |
| Net assets at January 1, 2003 | \$ 46,558 | | \$ 597,925 | | \$ 5,020 | | \$ 458,178 |
| Increase (decrease) in net assets from operations | | | | | | | |
| 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) |
| Net assets at December 31, 2003 | 32,661 | | 659,370 | | 8,172 | | 408,185 |
| Increase (decrease) in net assets from operations | | | | | | | |
| 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) |
| Net assets at December 31, 2004 | \$ 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)

| | ING VP Money Market | ING VP Natural Resources | ING Julius Baer Foreign | ING MFS Total Return |
|---|------------------------------------|---|------------------------------------|-------------------------------------|
| Net assets at January 1, 2003 | \$ 368,846 | \$ 11,897 | \$ - | \$ - |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2003 | 257,477 | 13,971 | - | 8,289 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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 |
|---|--|---------------------------------|-----------------------------------|---|
| Net assets at January 1, 2003 | \$ - | \$ 126 | \$ 255 | \$ 1,834 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2003 | 2,143 | 800 | 2,194 | 6,307 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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)

| | ING Baron Small Cap Growth | ING Goldman Sachs® Capital Growth | ING JPMorgan International | ING JPMorgan Mid Cap Value |
|---|---|--|---|---|
| Net assets at January 1, 2003 | \$ 3,239 | \$ 347 | \$ 107,839 | \$ 1,038 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2003 | 15,257 | 827 | 126,504 | 3,999 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | \$ 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)

| | ING MFS Capital Opportunities | ING OpCap Balanced Value | ING Oppenheimer Global | ING PIMCO Total Return |
|---|--|---|---------------------------------------|-----------------------------------|
| Net assets at January 1, 2003 | \$ 129,150 | \$ 515 | \$ 202 | \$ 16,279 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2003 | 151,497 | 9,183 | 1,294 | 31,227 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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
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| | ING Salomon Brothers Aggressive Growth - Initial Class | ING Salomon Brothers Aggressive Growth - Service Class | ING Salomon Brothers Fundamental Value | ING Salomon Brothers Investors Value |
|---|--|--|---|---|
| Net assets at January 1, 2003 | \$ 175,927 | \$ - | \$ 244 | \$ 635 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2003 | 239,784 | - | 9,414 | 4,019 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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
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| | 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 |
|---|--|--|--|--|
| Net assets at January 1, 2003 | \$ - | \$ 902 | \$ 169,889 | \$ - |
| Increase (decrease) in net assets from operations | | | | |
| 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 | - |
| Net assets at December 31, 2003 | 16 | 9,420 | 246,603 | - |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | \$ - | \$ 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)

| | ING UBS U.S. Large Cap Equity | ING Van Kampen Comstock | ING Van Kampen Equity and Income | ING VP Strategic Allocation Balanced |
|---|--|--|---|---|
| Net assets at January 1, 2003 | \$ 114,492 | \$ 8,175 | \$ 474 | \$ 47,846 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2003 | 128,075 | 32,018 | 911 | 58,446 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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 |
|---|---|---|------------------------------|--------------------------------|
| Net assets at January 1, 2003 | \$ 56,046 | \$ 31,610 | \$ - | \$ 2,141,418 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2003 | 69,833 | 33,837 | - | 2,310,967 |
| Increase (decrease) in net assets from operations | | | | |
| 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) |
| Net assets at December 31, 2004 | \$ 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 |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Net assets at January 1, 2003 | \$ - | \$ - | \$ - | \$ - |
| Increase (decrease) in net assets from operations | | | | |
| 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 | - |
| Net assets at December 31, 2003 | 2,378 | 20,639 | 207 | - |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | \$ 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 |
|---|---|---|----------------------------|--------------------------------------|
| Net assets at January 1, 2003 | \$ - | \$ - | \$ - | \$ - |
| Increase (decrease) in net assets from operations | | | | |
| 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 | - | - | - | - |
| Net assets at December 31, 2003 | - | - | - | - |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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)

| | ING VP Global Science and Technology | ING VP Growth | ING VP Index Plus LargeCap | ING VP Index Plus MidCap |
|---|---|--------------------------|---|---|
| Net assets at January 1, 2003 | \$ 23,001 | \$ 76,539 | \$ 378,460 | \$ 144,261 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2003 | 47,295 | 95,972 | 503,421 | 233,761 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | \$ 40,737 | \$ 89,883 | \$ 562,520 | \$ 361,470 |

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 Index Plus SmallCap | ING VP International Equity | ING VP Small Company | ING VP Value Opportunity |
|---|---|--|-------------------------------------|---|
| Net assets at January 1, 2003 | \$ 54,579 | \$ 8,248 | \$ 115,085 | \$ 115,345 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2003 | 93,931 | 11,933 | 167,432 | 133,176 |
| Increase (decrease) in net assets from operations | | | | |
| 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) |
| Net assets at December 31, 2004 | \$ 158,486 | \$ 14,340 | \$ 175,779 | \$ 110,369 |

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 Financial Services | ING VP Growth Opportunities | ING VP International Value | ING VP MagnaCap |
|---|--|--|---|----------------------------|
| Net assets at January 1, 2003 | \$ - | \$ 158 | \$ 12,825 | \$ 544 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2003 | - | 1,297 | 32,591 | 1,571 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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)

| | ING VP MidCap Opportunities | ING VP Real Estate | ING VP SmallCap Opportunities | ING Real Estate |
|---|--|-------------------------------|--|----------------------------|
| Net assets at January 1, 2003 | \$ 457 | \$ - | \$ 2,239 | \$ - |
| Increase (decrease) in net assets from operations | | | | |
| 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 | - |
| Net assets at December 31, 2003 | 4,191 | - | 8,045 | - |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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)

| | Janus Advisor Series Balanced | Janus Aspen Balanced | Janus Aspen Capital Appreciation | Janus Aspen Flexible Income |
|---|--|---------------------------------|---|--|
| Net assets at January 1, 2003 | \$ - | \$ 353,540 | \$ 2,019 | \$ 92,271 |
| Increase (decrease) in net assets from operations | | | | |
| 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) |
| Net assets at December 31, 2003 | - | 385,094 | 3,177 | 89,994 |
| Increase (decrease) in net assets from operations | | | | |
| 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) |
| Net assets at December 31, 2004 | <u>\$ -</u> | <u>\$ 356,943</u> | <u>\$ 3,238</u> | <u>\$ 78,169</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)

| | Janus Aspen Growth | Janus Aspen Mid Cap Growth | Janus Aspen Worldwide Growth | Janus Twenty |
|---|-------------------------------|---|---|-------------------------|
| Net assets at January 1, 2003 | \$ 199,166 | \$ 369,184 | \$ 513,443 | \$ 383 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2003 | 239,988 | 459,241 | 536,188 | 563 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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)

| | Lord Abbett Affiliated | Lord Abbett Growth and Income | Lord Abbett Mid-Cap Value - Class VC | Lord Abbett Mid Cap Value - Class A |
|---|-----------------------------------|--|---|--|
| Net assets at January 1, 2003 | \$ - | \$ 12,172 | \$ 10,124 | \$ 21 |
| Increase (decrease) in net assets from operations | | | | |
| 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) |
| Net assets at December 31, 2003 | - | 50,532 | 28,509 | - |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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)

| | Lord Abbett Small-Cap Value | Massachusetts Investors Growth Stock | MFS® Total Return | Moderate Allocation |
|---|--|---|----------------------------------|--------------------------------|
| Net assets at January 1, 2003 | \$ - | \$ - | \$ 39,338 | \$ - |
| Increase (decrease) in net assets from operations | | | | |
| 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 | - |
| Net assets at December 31, 2003 | - | - | 58,033 | - |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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)

| | Mutual Discovery | New Perspective Fund® - Class R-3 | New Perspective Fund® - Class R-4 | Oppenheimer Capital Appreciation |
|---|-----------------------------|--|--|---|
| Net assets at January 1, 2003 | \$ - | \$ - | \$ - | \$ - |
| Increase (decrease) in net assets from operations | | | | |
| 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 | - | - | - | - |
| Net assets at December 31, 2003 | - | - | - | - |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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)

| | Oppenheimer Developing Markets | Oppenheimer Global | Oppenheimer Main Street Fund® - Class A | Oppenheimer Aggressive Growth |
|---|---|-------------------------------|--|--|
| Net assets at January 1, 2003 | \$ 1,294 | \$ - | \$ - | \$ 3 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2003 | 6,248 | - | - | 4 |
| Increase (decrease) in net assets from operations | | | | |
| 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) |
| Net assets at December 31, 2004 | <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)

| | Oppenheimer Global Securities | Oppenheimer Main Street® Fund/VA | Oppenheimer Main Street® Small Cap | Oppenheimer Strategic Bond |
|---|--|---|---|---|
| Net assets at January 1, 2003 | \$ 117,400 | \$ 28 | \$ - | \$ 16,662 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2003 | 251,043 | 32 | - | 32,607 |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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)

| | Pax World Balanced | PIMCO NFJ Small-Cap Value | PIMCO VIT Real Return | Pioneer High Yield |
|---|-------------------------------|--|----------------------------------|-------------------------------|
| Net assets at January 1, 2003 | \$ 1,605 | \$ - | \$ - | \$ - |
| Increase (decrease) in net assets from operations | | | | |
| 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 | - | - | - |
| Net assets at December 31, 2003 | 3,605 | - | - | - |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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)

| | Pioneer Equity Income VCT | Pioneer Fund | Pioneer Fund VCT | Pioneer High Yield VCT |
|---|--|-------------------------|-----------------------------|---------------------------------------|
| Net assets at January 1, 2003 | \$ 3,782 | \$ - | \$ 432 | \$ - |
| Increase (decrease) in net assets from operations | | | | |
| 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 | - |
| Net assets at December 31, 2003 | 10,691 | - | 1,522 | - |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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)

| | Pioneer Mid Cap Value VCT | Scudder Equity 500 Index | T. Rowe Price Mid-Cap Value | Templeton Foreign |
|---|--|---|--|------------------------------|
| Net assets at January 1, 2003 | \$ 2,143 | \$ - | \$ - | \$ - |
| Increase (decrease) in net assets from operations | | | | |
| 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 | - | - | - |
| Net assets at December 31, 2003 | 11,735 | - | - | - |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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)

| | Templeton Growth | Templeton Global Bond | UBS U.S. Small Cap Growth | Vanguard® 500 Index |
|---|-----------------------------|----------------------------------|--|--------------------------------|
| Net assets at January 1, 2003 | \$ - | \$ - | \$ - | \$ - |
| Increase (decrease) in net assets from operations | | | | |
| 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 | - | - | - | - |
| Net assets at December 31, 2003 | - | - | - | - |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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)

| | Vanguard® Variable Insurance | Wanger Select | Wanger U.S. Smaller Companies | Washington Mutual InvestorsSM - Class R-3 |
|---|---|--------------------------|--|---|
| Net assets at January 1, 2003 | \$ - | \$ - | \$ - | \$ - |
| Increase (decrease) in net assets from operations | | | | |
| 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 | - | - | - | - |
| Net assets at December 31, 2003 | - | - | - | - |
| Increase (decrease) in net assets from operations | | | | |
| 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 |
| Net assets at December 31, 2004 | <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)

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

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> SM 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): | Oppenheimer Global Fund - Class A** |
| ING VP MagnaCap Portfolio - Class I | Oppenheimer Main Street Fund® - Class A** |
| ING VP MidCap Opportunities Portfolio-Class I | Oppenheimer Variable Account Funds: |
| ING VP Real Estate Portfolio - Class I** | Oppenheimer Aggressive Growth Fund/VA |
| ING VP SmallCap Opportunities Portfolio- | Oppenheimer Global Securities Fund/VA |
| Class I | Oppenheimer Main Street® Fund/VA |
| ING Real Estate Fund - Class A** | Oppenheimer Main Street® Small Cap |
| Janus Advisor Series Balanced Fund - Class I** | Fund/VA** |
| Janus Aspen Series: | Oppenheimer Strategic Bond Fund/VA |
| Janus Aspen Balanced Portfolio-Institutional | Pax World Balanced Fund, Inc. |
| Shares | PIMCO NFJ Small-Cap Value Fund - Class A** |
| Janus Aspen Capital Appreciation Portfolio- | PIMCO VIT Real Return Portfolio - Admin Class** |
| Service Shares | Pioneer High Yield Fund - Class A** |
| Janus Aspen Flexible Income Portfolio- | Pioneer Variable Contracts Trust: |
| Institutional Shares | Pioneer Equity Income VCT Portfolio-Class I |
| Janus Aspen Growth Portfolio-Institutional | Pioneer Fund - Class A** |
| Shares | Pioneer Fund VCT Portfolio-Class I |
| Janus Aspen Mid Cap Growth Portfolio- | Pioneer High Yield VCT Portfolio - Class I** |
| Institutional Shares | Pioneer Mid Cap Value VCT Portfolio-Class I |
| Janus Aspen Worldwide Growth Portfolio- | Scudder Equity 500 Index Fund** |
| Institutional Shares | T. Rowe Price Mid-Cap Value Fund - R Class** |
| Janus Twenty Fund | Templeton Foreign Fund - Class A** |
| Lord Abbett Affiliated Fund - Class A** | Templeton Growth Fund, Inc. - Class A** |
| Lord Abbett Series Fund, Inc.: | Templeton Income Trust: |
| Lord Abbett Growth and Income Portfolio – | Templeton Global Bond Fund - Class A** |
| Class VC | UBS U.S. Small Cap Growth Fund - Class A** |
| Lord Abbett Mid-Cap Value Portfolio-Class VC | Vanguard® 500 Index Fund - Investor Shares** |
| Lord Abbett Mid Cap Value Fund - Class A** | Vanguard® Variable Insurance Fund - Equity |
| Lord Abbett Small-Cap Value Fund - Class A** | Income Portfolio** |
| Massachusetts Investors Growth Stock Fund - | Wangers Advisors Trust: |
| Class A** | Wanger Select** |
| MFS® Variable Insurance Trust SM : | Wanger U.S. Smaller Companies** |
| MFS® Total Return Series-Initial Class | Washington Mutual Investors Fund SM - Class R-3** |
| Moderate Allocation Portfolio** | Washington Mutual Investors Fund SM - Class R-4** |
| 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 | |

* 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 |

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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.

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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.

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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:

| Underlying Fund | Moderate Allocation |
|--|----------------------------|
| 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% |

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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 SM | 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 |

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| | 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 | - | - |

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| | 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 |

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| | 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 SM : | | | | |
| 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 |

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| | 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 SM - Class R-3 | 1,189 | 11 | - | - |
| Washington Mutual Investors SM - Class R-4 | 34,398 | 1 | - | - |

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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> SM | 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 | - |

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| | 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 |

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| | 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) |

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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) |
| 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 SM : | | | | |
| 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 | - |

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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 SM - Class R-3 | 116,876 | 2,064 | 114,812 | - |
| Washington Mutual Investors SM - 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> |
|-----------------------------------|-------------------|-------------------|-----------------------|
| AIM Health Sciences | | | |
| Contracts in accumulation period: | | | |
| ING MAP PLUS NP17 | 2,121.300 | \$ 10.00 | \$ 21,213 |
| | <u>2,121.300</u> | | <u>\$ 21,213</u> |
| AIM Mid Cap Core Equity | | | |
| Contracts in accumulation period: | | | |
| ING MAP PLUS NP11 | 17,646.931 | \$ 11.08 | \$ 195,528 |
| ING MAP PLUS NP30 | 78.708 | 10.99 | 865 |
| | <u>17,725.639</u> | | <u>\$ 196,393</u> |
| AIM Small Cap Growth | | | |
| Contracts in accumulation period: | | | |
| Qualified XII (1.00) | 1.772 | \$ 10.72 | \$ 19 |
| | <u>1.772</u> | | <u>\$ 19</u> |

ING LIFE INSURANCE AND ANNUITY COMPANY
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Notes to Financial Statements

| <u>Division/Contract</u> | <u>Units</u> | <u>Unit Value</u> | <u>Extended Value</u> |
|--------------------------------------|----------------------|-------------------|-----------------------|
| AIM V.I. Capital Appreciation | | | |
| 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
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Notes to Financial Statements

| <u>Division/Contract</u> | <u>Units</u> | <u>Unit Value</u> | <u>Extended Value</u> |
|--------------------------------------|----------------------|-------------------|-----------------------|
| AIM V.I. Core Equity | | | |
| 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> |

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Notes to Financial Statements

| <u>Division/Contract</u> | <u>Units</u> | <u>Unit Value</u> | <u>Extended Value</u> |
|-----------------------------------|----------------------|-------------------|-----------------------|
| AIM V.I. Growth | | | |
| 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> |

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Notes to Financial Statements

| <u>Division/Contract</u> | <u>Units</u> | <u>Unit Value</u> | <u>Extended Value</u> |
|--------------------------------------|----------------------|-------------------|-----------------------|
| AIM V.I. Premier Equity | | | |
| 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
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Notes to Financial Statements

| <u>Division/Contract</u> | <u>Units</u> | <u>Unit Value</u> | <u>Extended Value</u> |
|---|--------------------|-------------------|-----------------------|
| Alliance Bernstein Growth and Income Fund | | | |
| Contracts in accumulation period: | | | |
| ING MAP PLUS NP16 | 2,044.558 | \$ 10.75 | \$ 21,979 |
| | <u>2,044.558</u> | | <u>\$ 21,979</u> |
| Alliance Bernstein Growth and Income Portfolio | | | |
| Contracts in accumulation period: | | | |
| Qualified X (1.25) | 4,425.201 | \$ 11.23 | \$ 49,695 |
| | <u>4,425.201</u> | | <u>\$ 49,695</u> |
| American Balanced Fund® | | | |
| 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> |
| American Century® Income & Growth | | | |
| 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> |
| Ariel Appreciation | | | |
| 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> |
|-----------------------------------|-------------------|-------------------|-----------------------|
| Ariel | | | |
| 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> |
| Baron Asset | | | |
| 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> |
| Baron Growth | | | |
| 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> |
|-----------------------------------|----------------------|-------------------|-----------------------|
| Calvert Social Balanced | | | |
| 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
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Notes to Financial Statements

| <u>Division/Contract</u> | <u>Units</u> | <u>Unit Value</u> | <u>Extended Value</u> |
|---|----------------------|-------------------|-----------------------|
| EuroPacific Growth Fund® - Class R-3 | | | |
| 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> |
| EuroPacific Growth Fund® - Class R-4 | | | |
| 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> |
|-----------------------------------|----------------------|-------------------|-----------------------|
| Evergreen Special Values | | | |
| 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> |
|--------------------------------------|-------------------|-------------------|-----------------------|
| Fidelity® Advisor Mid Cap | | | |
| 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> |
| Fidelity® VIP Contrafund® | | | |
| 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
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Notes to Financial Statements

| <u>Division/Contract</u> | <u>Units</u> | <u>Unit Value</u> | <u>Extended Value</u> |
|----------------------------------|-----------------------|-------------------|-----------------------|
| Fidelity® VIP Contrafund® | | | |
| (continued) | | | |
| 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> |
|--------------------------------------|---------------|-------------------|-----------------------|
| Fidelity® VIP Equity-Income | | | |
| 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> |
|--------------------------------------|-----------------------|-------------------|-----------------------|
| Fidelity® VIP Equity-Income | | | |
| (continued) | | | |
| 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> |
| Fidelity® VIP Growth | | | |
| 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> |
|---|-----------------------|-------------------|-----------------------|
| Fidelity® VIP Growth | | | |
| (continued) | | | |
| 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> |
| Fidelity® VIP High Income | | | |
| 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> |
| Fidelity® VIP Asset ManagerSM | | | |
| 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> |
| Fidelity® VIP Index 500 | | | |
| 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> |
|-----------------------------------|----------------------|-------------------|-----------------------|
| Fidelity® VIP Overseas | | | |
| 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> |
|--|------------------|-------------------|-----------------------|
| Franklin Small-Mid Cap Growth | | | |
| 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> |
| Franklin Small Cap Value Securities | | | |
| 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> |
|--|----------------------|-------------------|-----------------------|
| Franklin Small Cap Value Securities | | | |
| (continued) | | | |
| 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> |
| The Growth Fund of America® - Class R-3 | | | |
| 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> |
|--|----------------------|-------------------|-----------------------|
| The Growth Fund of America® - Class R-4 | | | |
| 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> |
|-----------------------------------|----------------------|-------------------|-----------------------|
| ING GET Fund - Series H | | | |
| 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> |
| ING GET Fund - Series I | | | |
| 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> |
|-----------------------------------|--------------------|-------------------|-----------------------|
| ING GET Fund - Series J | | | |
| 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> |
| ING GET Fund - Series K | | | |
| 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> |
| ING GET Fund - Series L | | | |
| Contracts in accumulation period: | | | |
| Qualified XXVII | 67,762.512 | \$ 10.27 | \$ 695,921 |
| | <u>67,762.512</u> | | <u>\$ 695,921</u> |
| ING GET Fund - Series Q | | | |
| 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> |
|-----------------------------------|----------------------|-------------------|-----------------------|
| ING GET Fund - Series S | | | |
| 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> |
|--------------------------------------|----------------|-------------------|-----------------------|
| ING VP Balanced | | | |
| 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> |
|--------------------------------------|-----------------------|-------------------|-----------------------|
| ING VP Balanced (continued) | | | |
| 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> |
| ING VP Emerging Markets | | | |
| 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> |
| ING VP Intermediate Bond | | | |
| 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> |
|---|-----------------------|-------------------|-----------------------|
| ING VP Intermediate Bond (continued) | | | |
| 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

| Division/Contract | Units | Unit Value | Extended Value |
|--------------------------------------|---------------|-------------------|-----------------------|
| ING VP Money Market | | | |
| 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> |
|--|-----------------------|-------------------|-----------------------|
| ING VP Money Market (continued) | | | |
| 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> |
|-----------------------------------|----------------------|-------------------|-----------------------|
| ING VP Natural Resources | | | |
| 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> |
|-----------------------------------|--------------------|-------------------|-----------------------|
| ING Julius Baer Foreign | | | |
| 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> |
|-----------------------------------|----------------------|-------------------|-----------------------|
| ING MFS Total Return | | | |
| 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> |
|--|----------------------|-------------------|-----------------------|
| ING T. Rowe Price Equity Income | | | |
| 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> |
|-----------------------------------|--------------------|-------------------|-----------------------|
| ING Aeltus Enhanced Index | | | |
| 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> |
|------------------------------------|--------------------|-------------------|-----------------------|
| ING American Century Select | | | |
| 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> |
|---|----------------------|-------------------|-----------------------|
| ING American Century Small Cap Value | | | |
| 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> |
|--------------------------------------|----------------------|-------------------|-----------------------|
| ING Baron Small Cap Growth | | | |
| 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

| Division/Contract | Units | Unit Value | Extended Value |
|--|--------------------|-------------------|-----------------------|
| ING Goldman Sachs® Capital Growth | | | |
| 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 |
|--------------------------------------|----------------------|------------|-----------------------|
| ING JPMorgan International | | | |
| 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> |
|--------------------------------------|----------------------|-------------------|-----------------------|
| ING JPMorgan Mid Cap Value | | | |
| 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 |
|--------------------------------------|----------------------|------------|-----------------------|
| ING MFS Capital Opportunities | | | |
| 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

| Division/Contract | Units | Unit Value | Extended Value |
|--------------------------------------|----------------------|-------------------|-----------------------|
| ING OpCap Balanced Value | | | |
| 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> |
|--------------------------------------|--------------------|-------------------|-----------------------|
| ING Oppenheimer Global | | | |
| 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 |
|--------------------------------------|---------------|------------|----------------|
| ING PIMCO Total Return | | | |
| 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> |
|---|----------------------|-------------------|-----------------------|
| ING PIMCO Total Return (continued) | | | |
| 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> |
|---|-----------------------|-------------------|-----------------------|
| ING Salomon Brothers Aggressive Growth - Initial Class | | | |
| 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> |
|--|--------------------|-------------------|-----------------------|
| ING Salomon Brothers Aggressive Growth -Service Class | | | |
| Contracts in accumulation period: | | | |
| ING MAP PLUS NP15 | 1,589.050 | \$ 10.32 | \$ 16,399 |
| | <u>1,589.050</u> | | <u>\$ 16,399</u> |
| ING Salomon Brothers Fundamental Value | | | |
| 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> |
|---|--------------------|-------------------|-----------------------|
| ING Salomon Brothers Investors Value | | | |
| 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> |
|---|----------------------|-------------------|-----------------------|
| ING T. Rowe Price Diversified Mid Cap Growth - Service Class | | | |
| 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> |
|--|---------------|-------------------|-----------------------|
| ING T. Rowe Price Growth Equity - Initial Class | | | |
| 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> |
|--|-----------------------|-------------------|-----------------------|
| ING T. Rowe Price Growth Equity - Initial Class | | | |
| (continued) | | | |
| 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> |
| ING T. Rowe Price Growth Equity - Service Class | | | |
| 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> |
|--------------------------------------|---------------|-------------------|-----------------------|
| ING UBS U.S. Large Cap Equity | | | |
| 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> |
|--|-----------------------|-------------------|-----------------------|
| ING UBS U.S. Large Cap Equity (continued) | | | |
| 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> |
|--------------------------------|----------------------|-------------------|-----------------------|
| ING Van Kampen Comstock | | | |
| (continued) | | | |
| 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> |
|---|--------------------|-------------------|-----------------------|
| ING Van Kampen Equity and Income | | | |
| 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> |
|---|---------------|-------------------|-----------------------|
| ING VP Strategic Allocation Balanced | | | |
| 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> |
|---|----------------------|-------------------|-----------------------|
| ING VP Strategic Allocation Balanced | | | |
| (continued) | | | |
| 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> |
| ING VP Strategic Allocation Growth | | | |
| 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> |
|---|----------------------|-------------------|-----------------------|
| ING VP Strategic Allocation Growth (continued) | | | |
| 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> |
|---|----------------------|-------------------|-----------------------|
| ING VP Strategic Allocation Income (continued) | | | |
| 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> |
|--------------------------------------|----------------|-------------------|-----------------------|
| ING Financial Services | | | |
| Contracts in accumulation period: | | | |
| ING MAP PLUS NP11 | 867.802 | \$ 10.87 | \$ 9,433 |
| | <u>867.802</u> | | <u>\$ 9,433</u> |
| ING VP Growth and Income | | | |
| 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> |
|---|------------------------|-------------------|-------------------------|
| ING VP Growth and Income (continued) | | | |
| 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> |
| ING GET US Core - Series 1 | | | |
| Contracts in accumulation period: | | | |
| Qualified XXVII | 211,645.004 | \$ 10.51 | \$ 2,224,389 |
| | <u>211,645.004</u> | | <u>\$ 2,224,389</u> |
| ING GET US Core - Series 2 | | | |
| 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> |
|-----------------------------------|----------------------|-------------------|-----------------------|
| ING GET US Core - Series 3 | | | |
| 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> |
| ING GET US Core - Series 5 | | | |
| 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> |
| ING GET US Core - Series 6 | | | |
| 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> |
| ING GET US Core - Series 7 | | | |
| 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> |
|-----------------------------------|-------------------|-------------------|-----------------------|
| ING GNMA Income | | | |
| 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> |
| ING Intermediate Bond | | | |
| 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> |
|---|-----------------------|-------------------|-----------------------|
| ING VP Global Science and Technology | | | |
| 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> |
|--------------------------------------|----------------------|-------------------|-----------------------|
| ING VP Growth | | | |
| 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> |
|--------------------------------------|----------------|-------------------|-----------------------|
| ING VP Index Plus LargeCap | | | |
| 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> |
|---|-----------------------|-------------------|-----------------------|
| ING VP Index Plus LargeCap (continued) | | | |
| 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

| Division/Contract | Units | Unit Value | Extended Value |
|---|-----------------------|-------------------|-----------------------|
| ING VP Index Plus MidCap (continued) | | | |
| 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

| Division/Contract | Units | Unit Value | Extended Value |
|---|-----------------------|-------------------|-----------------------|
| ING VP Index Plus SmallCap (continued) | | | |
| 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> |
|--------------------------------------|----------------------|-------------------|-----------------------|
| ING VP International Equity | | | |
| 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> |
|--------------------------------------|----------------------|-------------------|-----------------------|
| ING VP Small Company | | | |
| 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> |
|-----------------------------------|----------------------|-------------------|-----------------------|
| ING VP Value Opportunity | | | |
| 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> |
|--------------------------------------|-------------------|-------------------|-----------------------|
| ING VP Financial Services | | | |
| 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> |
| ING VP International Value | | | |
| 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> |
|---|----------------------|-------------------|-----------------------|
| ING VP International Value (continued) | | | |
| 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> |
|------------------------------------|--------------------|-------------------|-----------------------|
| ING VP MidCap Opportunities | | | |
| 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> |
|-----------------------------------|----------------------|-------------------|-----------------------|
| ING VP Real Estate | | | |
| 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> |
|--------------------------------------|----------------------|-------------------|-----------------------|
| ING VP SmallCap Opportunities | | | |
| 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> |
|--------------------------------------|-------------------|-------------------|-----------------------|
| ING Real Estate | | | |
| 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> |
| Janus Advisor Series Balanced | | | |
| Contracts in accumulation period: | | | |
| Qualified XII (1.00) | 8.071 | \$ 11.40 | \$ 92 |
| | <u>8.071</u> | | <u>\$ 92</u> |
| Janus Aspen Balanced | | | |
| 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> |
|---|-----------------------|-------------------|-----------------------|
| Janus Aspen Balanced (continued) | | | |
| 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> |
| Janus Aspen Capital Appreciation | | | |
| 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> |
| Janus Aspen Flexible Income | | | |
| 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> |
|--|----------------------|-------------------|-----------------------|
| Janus Aspen Flexible Income (continued) | | | |
| 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> |
|--------------------------------------|---------------|-------------------|-----------------------|
| Janus Aspen Growth | | | |
| 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> |
|---------------------------------------|-----------------------|-------------------|-----------------------|
| Janus Aspen Growth (continued) | | | |
| 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> |
|---|-----------------------|-------------------|-----------------------|
| Janus Aspen Mid Cap Growth (continued) | | | |
| 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> |
| Janus Aspen Worldwide Growth | | | |
| 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> |
|---|-----------------------|-------------------|-----------------------|
| Janus Aspen Worldwide Growth (continued) | | | |
| 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> |
| Janus Twenty | | | |
| 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> |
| Lord Abbett Affiliated | | | |
| 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> |
|--------------------------------------|----------------------|-------------------|-----------------------|
| Lord Abbett Growth and Income | | | |
| 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> |
|---|----------------------|-------------------|-----------------------|
| Lord Abbett Mid-Cap Value - Class VC | | | |
| 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> |
|---|----------------------|-------------------|-----------------------|
| Lord Abbett Mid Cap Value - Class A | | | |
| 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> |
| Lord Abbett Small-Cap Value | | | |
| 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> |
| Massachusetts Investors Growth Stock | | | |
| 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> |
| MFS® Total Return | | | |
| 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> |
| Moderate Allocation | | | |
| 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> |
|--|--------------------|-------------------|-----------------------|
| Mutual Discovery | | | |
| 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> |
| New Perspective Fund® - Class R-3 | | | |
| 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> |
| New Perspective Fund® - Class R-4 | | | |
| 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> |
|---|----------------------|-------------------|-----------------------|
| Oppenheimer Capital Appreciation | | | |
| 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> |
| Oppenheimer Developing Markets | | | |
| 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> |
|--|------------------|-------------------|-----------------------|
| Oppenheimer Global Fund | | | |
| Contracts in accumulation period: | | | |
| Qualified XII (1.00) | 285.930 | \$ 14.57 | \$ 4,166 |
| | <u>285.930</u> | | <u>\$ 4,166</u> |
| Oppenheimer Main Street Fund® - Class A | | | |
| 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> |
| Oppenheimer Aggressive Growth | | | |
| Contracts in accumulation period: | | | |
| Currently payable annuity contracts: | | | <u>\$ 3,368</u> |
| | | | <u>\$ 3,368</u> |
| Oppenheimer Global Securities | | | |
| 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> |
|--|-----------------------|-------------------|-----------------------|
| Oppenheimer Global Securities (continued) | | | |
| 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> |
|--------------------------------------|----------------------|-------------------|-----------------------|
| Oppenheimer Strategic Bond | | | |
| 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> |
|-----------------------------------|----------------------|-------------------|-----------------------|
| Pax World Balanced | | | |
| 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> |
| PIMCO NFJ Small-Cap Value | | | |
| 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> |
|-----------------------------------|--------------------|-------------------|-----------------------|
| PIMCO VIT Real Return | | | |
| 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> |
|--------------------------------------|----------------------|-------------------|-----------------------|
| Pioneer Equity Income | | | |
| 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> |
|-----------------------------------|--------------------|-------------------|-----------------------|
| Pioneer Fund | | | |
| Contracts in accumulation period: | | | |
| Qualified XII (1.00) | 110.979 | \$ 12.57 | \$ 1,395 |
| | <u>110.979</u> | | <u>\$ 1,395</u> |
| Pioneer Fund VCT | | | |
| 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> |
|--------------------------------------|--------------------|-------------------|-----------------------|
| Pioneer High Yield VCT | | | |
| 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> |
| Pioneer Mid Cap Value VCT | | | |
| 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> |
|--|----------------------|-------------------|-----------------------|
| Pioneer Mid Cap Value VCT (continued) | | | |
| 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> |
| Scudder Equity 500 Index | | | |
| Contracts in accumulation period: | | | |
| Qualified XII (1.00) | 148.055 | \$ 12.34 | \$ 1,827 |
| | <u>148.055</u> | | <u>\$ 1,827</u> |
| T. Rowe Price Mid-Cap Value | | | |
| 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> |
|-----------------------------------|--------------------|-------------------|-----------------------|
| Templeton Foreign Fund | | | |
| 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> |
| Templeton Growth | | | |
| 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> |
| Templeton Global Bond | | | |
| 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> |
|-------------------------------------|--------------------|-------------------|-----------------------|
| UBS U.S. Small Cap Growth | | | |
| Contracts in accumulation period: | | | |
| ING MAP PLUS NP11 | 4,491.876 | \$ 10.71 | \$ 48,108 |
| | <u>4,491.876</u> | | <u>\$ 48,108</u> |
| Vanguard® 500 Index | | | |
| Contracts in accumulation period: | | | |
| Qualified XXXI | 1,177.172 | \$ 10.82 | \$ 12,737 |
| | <u>1,177.172</u> | | <u>\$ 12,737</u> |
| Vanguard® Variable Insurance | | | |
| 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> |
| Wanger Select | | | |
| 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> |
|---|--------------------|-------------------|-----------------------|
| Wanger U.S. Smaller Companies | | | |
| 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> |
| Washington Mutual InvestorsSM - Class R-3 | | | |
| 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> |
|---|----------------------|-------------------|-----------------------|
| Washington Mutual InvestorsSM - Class R-4 | | | |
| 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
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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 ^B (lowest to highest) | Total Return ^C (lowest to highest) |
|-------------------------------|------------------|--|-----------------------|------------------------------|-------|---|--|
| | | | | Income Ratio ^A | | | |
| 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) |

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| | Division | Units (000's) | Unit Fair Value (lowest to highest) | Net Assets (000's) | Investment | | Expense Ratio ^B (lowest to highest) | Total Return ^C (lowest to highest) |
|--|----------|------------------|--|-----------------------|------------------------------|--------|---|--|
| | | | | | Income Ratio ^A | | | |
| 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) |

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| | Division | Units (000's) | Unit Fair Value (lowest to highest) | Net Assets (000's) | Investment | | Expense Ratio ^B (lowest to highest) | Total Return ^C (lowest to highest) |
|-----------------------------------|----------|------------------|--|-----------------------|------------------------------|--------|---|--|
| | | | | | Income Ratio ^A | 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) |

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| | Division | Units (000's) | Unit Fair Value (lowest to highest) | Net Assets (000's) | Investment | | Expense Ratio ^B (lowest to highest) | Total Return ^C (lowest to highest) |
|--------------------------------------|----------|------------------|--|-----------------------|------------------------------|---|---|--|
| | | | | | Income Ratio ^A | | | |
| 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) |

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| Division | | Investment | | | | | Total Return ^c (lowest to highest) | |
|-----------------------------|--|-----------------------|------------------------------|---|----------------|--------------------|--|--|
| Units (000's) | Unit Fair Value (lowest to highest) | Net Assets (000's) | Income Ratio ^a | Expense Ratio ^b (lowest to highest) | | | | |
| 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) | | |

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| | Division | Investment | | | | | Total Return ^c (lowest to highest) |
|---|----------|------------------|--|-----------------------|------------------------------|---|--|
| | | Units (000's) | Unit Fair Value (lowest to highest) | Net Assets (000's) | Income Ratio ^a | Expense Ratio ^b (lowest to highest) | |
| Fidelity® VIP Asset Manager SM | | | | | | | |
| 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) |

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|---|----------|------------------|--|-----------------------|--|---|--|
| 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) |

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|-------------------------|--|------------------|--|-----------------------|--|---|--|
| 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) |

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| | Division | Units (000's) | Unit Fair Value (lowest to highest) | Net Assets (000's) | Investment | | Expense Ratio ^B (lowest to highest) | Total Return ^C (lowest to highest) |
|--------------------------|----------|------------------|--|-----------------------|------------------------------|--------|---|--|
| | | | | | Income Ratio ^A | | | |
| 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) |

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| Division | Units (000's) | Unit Fair Value (lowest to highest) | Net Assets (000's) | Investment Income Ratio ^a | Expense Ratio ^b (lowest to highest) | Total Return ^c (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) |

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| | Division | Units (000's) | Unit Fair Value (lowest to highest) | Net Assets (000's) | Investment Income Ratio ^a | Expense Ratio ^b (lowest to highest) | Total Return ^c (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) |

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|--|----------|------------------|--|-----------------------|--|---|--|
| | | | | | | | |
| 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 | * | * | * |

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|--|----------|------------------|--|-----------------------|--|---|--|
| 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) |

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|---|------------------|--|-----------------------|------------------------------|--|---|--|
| | | | | Income Ratio ^A | | | |
| 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) |
| 2002 | (e) | (e) | (e) | (e) | | (e) | (e) |
| 2001 | (e) | (e) | (e) | (e) | | (e) | (e) |
| 2000 | (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) |
| 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) | | 0.55% to 1.50% | (c) |
| 2001 | (c) | (c) | (c) | (c) | | (c) | (c) |
| 2000 | (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) | | 0.60% to 1.50% | (c) |
| 2001 | (c) | (c) | (c) | (c) | | (c) | (c) |
| 2000 | (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) |

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| | Division | Units (000's) | Unit Fair Value (lowest to highest) | Net Assets (000's) | Investment Income Ratio ^A | Expense Ratio ^B (lowest to highest) | Total Return ^C (lowest to highest) |
|------------------------------------|----------|------------------|--|-----------------------|--|---|--|
| | | | | | | | |
| 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) |

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|----------------------------|----------|------------------|--|-----------------------|--|---|--|
| 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) |

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| | Division | Units (000's) | Unit Fair Value (lowest to highest) | Net Assets (000's) | Investment Income Ratio ^a | Expense Ratio ^b (lowest to highest) | Total Return ^c (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) |

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|-----------------------------|------------------|--|-----------------------|------------------------------|--------|---|--|
| | | | | Income Ratio ^A | | | |
| 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) |

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|-----------------------------|--|------------------|--|-----------------------|--|---|--|
| 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) |

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|----------------------------------|----------|------------------|--|-----------------------|--|---|--|
| 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) |

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|------------------------------|----------|------------------|--|-----------------------|------------------------------|--|---|--|
| | | | | | Income Ratio ^A | | | |
| 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) |

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|--|----------|------------------|--|-----------------------|------------------------------|---|---|--|
| | | | | | Income Ratio ^A | | | |
| 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) |

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|--------------------------------------|----------|------------------|--|-----------------------|------------------------------|-----|---|--|
| | | | | | Income Ratio ^A | | | |
| 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) |

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|---|------------------|--|-----------------------|------------------------------|-----|---|--|
| | | | | Income Ratio ^A | | | |
| 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) | (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) |

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|------------------------------------|------------------|--|-----------------------|------------------------------|---|---|--|
| | | | | Income Ratio ^A | | | |
| 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) |

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| | | | | | Income Ratio ^A | | | |
| 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) |

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| | | | | | Income Ratio ^A | % | | |
| 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) |

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| | | | | | Income Ratio ^A | | | |
| 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) |

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|---|------------------|--|-----------------------|------------------------------|-------|---|--|
| | | | | Income Ratio ^A | | | |
| 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 SM - 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 | Investment | | | | | | |
|---|----------|------------------|--|-----------------------|------------------------------|---|--|--|
| | | Units (000's) | Unit Fair Value (lowest to highest) | Net Assets (000's) | Income Ratio ^A | Expense Ratio ^B (lowest to highest) | Total Return ^C (lowest to highest) | |
| Washington Mutual Investors SM - 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) | |
| 2002 | | (e) | (e) | (e) | (e) | (e) | (e) | |
| 2001 | | (e) | (e) | (e) | (e) | (e) | (e) | |
| 2000 | | (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

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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 |
| Revenues: | | | |
| 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> |
| Benefits and expenses: | | | |
| 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>\$ 199.3</u> | <u>\$ 154.6</u> | <u>\$ (2,344.6)</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.)

Consolidated Balance Sheets
(In millions, except share data)

| | December 31, | |
|--|---------------------|--------------------|
| | 2004 | 2003 |
| Assets: | | |
| 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)

| | December 31, | |
|---|---------------------------|---------------------------|
| | 2004 | 2003 |
| Liabilities and Shareholder's Equity | | |
| 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)

| | Common Stock | Additional Paid-In Capital | Accumulated Other Comprehensive Income | Retained Earnings (Deficit) | Total Shareholder's Equity |
|--|-------------------------|---|---|--|---|
| 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) |
| Cash Flows from Operating Activities: | | | |
| 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> |
| Cash Flows from Investing Activities: | | | |
| 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) |
| Cash Flows from Financing Activities: | | | |
| 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

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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

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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.

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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

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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

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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.

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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

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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.

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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

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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.

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Investments

Fixed maturities and equity securities available-for-sale as of December 31, 2004, were as follows:

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|--|---------------------------|---------------------------------------|--|-----------------------|
| 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> |

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Fixed maturities and equity securities available-for-sale as of December 31, 2003, were as follows:

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|---|---------------------------|---------------------------------------|--|-----------------------|
| 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.

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The aggregate unrealized losses and related fair values of investments with unrealized losses as of December 31, 2004, are shown below by duration:

| | Unrealized Loss | Fair Value |
|---|----------------------------|-----------------------|
| 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.

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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.

| | Amortized Cost | Fair Value |
|---|---------------------------|-----------------------|
| 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.

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Impairments

The following table identifies the Company's other-than-temporary impairments by type as of December 31:

| | 2004 | | 2003 | | 2002 | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | No. of | | No. of | | No. of | |
| | Impairment | Securities | Impairment | Securities | Impairment | Securities |
| 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:

| | Year ended December 31, | | |
|-------------------------------|--------------------------------|-----------------|-----------------|
| | 2004 | 2003 | 2002 |
| 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> |

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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:

| | Year ended December 31, | | |
|---|--------------------------------|-------------|-------------|
| | 2004 | 2003 | 2002 |
| Fixed maturities | \$ 24.7 | \$ 63.9 | \$ (97.5) |
| Equity securities | 0.5 | 0.6 | (3.5) |
| Pretax net realized capital gains (losses) | \$ 25.2 | \$ 64.5 | \$ (101.0) |
| After-tax net realized capital gains (losses) | \$ 16.4 | \$ 41.9 | \$ 65.7 |

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:

| | Year ended December 31, | | |
|-------------------|--------------------------------|-------------|-------------|
| | 2004 | 2003 | 2002 |
| 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 |

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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

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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.

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The carrying values and estimated fair values of certain of the Company's financial instruments at December 31, 2004 and 2003 were as follows:

| | 2004 | | 2003 | |
|--|---------------------------|-----------------------|---------------------------|-----------------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| 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.

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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.

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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.

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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.

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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:

| | Year ended December 31, | | |
|--------------------------------------|--------------------------------|----------------|----------------|
| | 2004 | 2003 | 2002 |
| 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) | <u>\$ 42.4</u> | <u>\$ 61.1</u> | <u>\$ 18.6</u> |

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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:

| | Year ended December 31, | | |
|--|--------------------------------|----------------|----------------|
| | 2004 | 2003 | 2002 |
| 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:

| | 2004 | 2003 |
|--|-----------------|-----------------|
| 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.

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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

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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.

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- 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

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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.

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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.

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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.

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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.

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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.

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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:

| | As of December 31, | |
|--|---------------------------|-------------|
| | 2004 | 2003 |
| 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.

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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 ⁽¹⁾ | \$ 18.6 | \$ (48.1) | \$ 127.4 |
| Less: reclassification adjustment for gains (losses) and other items included in net income ⁽²⁾ | 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.

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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:

| Year ended 12/31/2003 | Previously Reported 2003 | Adjustment | Revised 2003 |
|--|-------------------------------------|-------------------|-------------------------|
| 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 |

| Year ended 12/31/2002 | Previously Reported 2002 | Adjustment | Revised 2002 |
|--|-------------------------------------|-------------------|-------------------------|
| 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 |

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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> |
|--|--------------------------------|-------------------|-----------------|
| Year ended 12/31/2003 | | | |
| 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 |
| Year ended 12/31/2002 | | | |
| 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 |

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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)

| | First | Second | Third | Fourth |
|-----------------------------------|----------------|----------------|----------------|----------------|
| 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)

| | First | Second | Third |
|-----------------------------------|----------------|----------------|----------------|
| 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)

| | First | Second* | Third* | Fourth |
|----------------------------|----------------|----------------|----------------|----------------|
| 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)

| | First | Second* | Third* | Fourth |
|----------------------------|----------------|----------------|----------------|----------------|
| 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

Form No. SAI.129091-05