American Century Variable Portfolios

Semiannual Report

June 30, 2007

VP Income & Growth Fund

American Century Investments

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Market Perspective

By Enrique Chang, Chief Investment Officer,
American Century Investments

Stocks Enjoyed a Solid Rally

The U.S. equity market advanced in the first half of 2007, benefiting from a generally favorable environment for stocks. Although the U.S. economy slowed markedly in the first quarter of the year, growing at an annual rate of just 0.6% (the lowest growth rate since the fourth quarter of 2002), it showed signs of improvement in the second quarter. In addition, the Federal Reserve held short-term interest rates steady, maintaining a policy shift that occurred in mid-2006.

Corporate earnings growth decelerated during the period — ending a streak of double-digit quarterly earnings growth for the S&P 500 Index that began in 2002 — but continued to outshine expectations. Robust merger activity also provided support for stocks as a deluge of leveraged buy-outs from private equity firms put the volume of deal-making ahead of last year's record pace.

Despite the generally positive backdrop, the stock market hit a couple of speed bumps along the way. Stocks stumbled in late February, mirroring a drop in the Chinese stock market, but rebounded quickly in early March. The subsequent rally peaked in early June — when many of the major stock indexes hit seven-year highs — as rising interest rates, higher energy prices, and deteriorating subprime lending conditions led to a pullback in stock prices later that month.

Mid-Cap and Growth Outperformed

As the accompanying table shows, mid-cap stocks led the market's advance in the first six months of 2007, followed by large-cap issues, while small-cap shares lagged after outperforming in 2006. Growth stocks, which have trailed value issues for much of the decade, enjoyed a resurgence, outpacing value shares across all market capitalizations.

The best-performing sectors in the stock market were energy and materials, driven largely by escalating energy and commodity prices. Telecommunication services and industrials stocks also generated double-digit returns for the reporting period. The only sector to decline was financials, which were hurt by higher interest rates and the subprime lending fallout.

U.S. Stock Index Returns

For the six months ended June 30, 2007*	
Russell 1000 Index (Large-Cap)	**7.18%**
Russell 1000 Growth Index	8.13%
Russell 1000 Value Index	6.23%
Russell Midcap Index	**9.90%**
Russell Midcap Growth Index	10.97%
Russell Midcap Value Index	8.69%
Russell 2000 Index (Small-Cap)	**6.45%**
Russell 2000 Growth Index	9.33%
Russell 2000 Value Index	3.80%

*Total returns for periods less than one year are not annualized.

Performance

VP Income & Growth

Total Returns as of June 30, 2007

	6 months[1]	1 year	Average Annual Returns 5 years	Since Inception	Inception Date
Class I	7.85%	22.79%	11.66%	7.75%	10/30/97
S&P 500 Index[2]	6.96%	20.59%	10.71%	7.09%	—
Class II	7.71%	22.65%	11.40%	9.30%	5/1/02
Class III	7.85%	22.79%	11.66%	12.06%	6/26/02

(1) Total returns for periods less than one year are not annualized.

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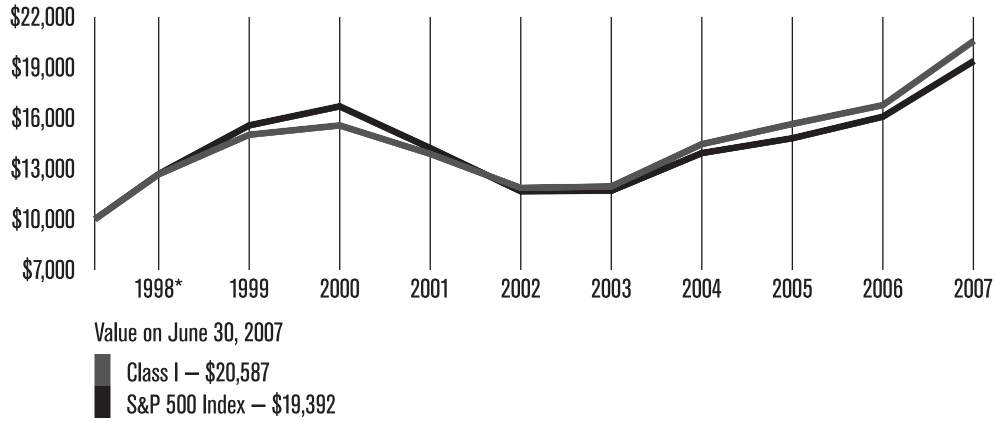
Data presented reflect past performance. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate, and redemption value may be more or less than original cost. To obtain performance data current to the most recent month end, please call 1-800-345-6488.

Unless otherwise indicated, performance reflects Class I shares; performance for other share classes will vary due to differences in fee structure. For information about other share classes available, please consult the prospectus. Data assumes reinvestment of dividends and capital gains, and none of the charts reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Returns for the index are provided for comparison. The fund's total returns include operating expenses (such as transaction costs and management fees) that reduce returns, while the total returns of the index do not.

VP Income & Growth

Growth of $10,000 Over Life of Class

$10,000 investment made October 30, 1997



One-Year Returns Over Life of Class

Periods ended June 30

	1998*	1999	2000	2001	2002	2003	2004	2005	2006	2007
Class I	26.63%	18.54%	3.68%	-10.84%	-14.54%	0.71%	21.02%	8.29%	7.12%	22.79%
S&P 500 Index	26.79%	22.76%	7.25%	-14.83%	-17.99%	0.25%	19.11%	6.32%	8.63%	20.59%

*From 10/30/97, Class I's inception date, to 6/30/98. Not annualized.

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Portfolio Commentary

VP Income & Growth

Portfolio Managers: John Schniedwind, Kurt Borgwardt, Zili Zhang, and Lynette Pang

Performance Summary

VP Income & Growth returned 7.85%* for the six months ended June 30, 2007, outperforming the 6.96% return of its benchmark, the S&P 500 Index. In addition, VP Income & Growth has outpaced the S&P 500 over longer time periods (see pages 3 and 4 for more performance information).

On an absolute basis, nine out of the ten sectors in the portfolio contributed positively to performance. The leading sectors included energy, industrials, and materials, all of which benefited from improving global economic growth and rising commodity prices. The only sector of the portfolio to decline during the period was financials, which was weighed down by rising interest rates.

The key behind the portfolio's outperformance of the S&P 500 in the first half of 2007 was favorable stock selection. This is consistent with our investment approach, which emphasizes individual security selection over sector weightings.

Materials and Industrials Outperformed

Stock selection worked best in the most economically sensitive segments of the market, most notably materials and industrials. The portfolio's materials holdings returned 42% as a group during the six-month period, led by chemicals companies and metals & mining stocks.

Chemicals producer Lyondell Chemical was one of the top contributors to performance. In addition to its specialty chemicals business, Lyondell has an oil-refining unit that contributed significantly to earnings as higher gasoline prices boosted refining profit margins. Other strong contributors in the materials sector included steelmaker United States Steel and copper producer Freeport-McMoRan Copper & Gold, both of which benefited from rising metals prices.

In the industrials sector, stock selection among machinery manufacturers and an underweight in industrial conglomerates added the most value. The portfolio's best individual performer was engine maker Cummins, which gained 72% for the six-month period. The company enjoyed strong results from its power generation business, and it is also poised to benefit from the stricter emissions rules for heavy-duty trucks that will be implemented over the next several years.

Top Ten Holdings as of June 30, 2007

	% of net assets as of 6/30/07	% of net assets as of 12/31/06
Exxon Mobil Corp.	5.0%	5.4%
Citigroup Inc.	3.3%	4.7%
Bank of America Corp.	3.1%	3.4%
Chevron Corp.	2.8%	2.6%
International Business Machines Corp.	2.6%	4.8%
Pfizer Inc.	2.6%	2.4%
Hewlett-Packard Co.	2.2%	2.4%
ConocoPhillips	2.2%	2.0%
Morgan Stanley	2.1%	3.4%
JPMorgan Chase & Co.	2.1%	1.2%

*All fund returns referenced in this commentary are for Class I shares. Total returns for periods less than one year are not annualized.

Consumer Stocks Added Value

The consumer discretionary and consumer staples sectors of the portfolio also contributed to VP Income & Growth's outperformance of the S&P 500. Much of the outperformance in these sectors resulted from stocks we avoided or underweighted compared with the index. Examples included consumer products maker Procter & Gamble, coffee retailer Starbucks, and media companies such as Time Warner and Comcast, all of which declined during the reporting period.

Consumer stocks in the portfolio (but not in the index) that contributed favorably to results included household products maker Tupperware Brands, auto parts maker ArvinMeritor, online travel agency Expedia, and food processor Seaboard.

Five Largest Overweights as of June 30, 2007

	% of portfolio's stocks	% of S&P 500 Index
Northrop Grumman Corp.	1.7%	0.2%
ACE Ltd.	1.7%	0.2%
Exxon Mobil Corp.	5.0%	3.5%
Washington Mutual, Inc.	1.7%	0.3%
International Business Machines Corp.	2.5%	1.1%

Five Largest Underweights as of June 30, 2007

	% of portfolio's stocks	% of S&P 500 Index
General Electric Co.	1.3%	3.0%
American International Group, Inc.	0.1%	1.4%
Procter & Gamble Co. (The)	0.2%	1.4%
Cisco Systems Inc.	0.2%	1.3%
Intel Corp.	—(1)	1.0%

(1) Security is less than 0.05% of the portfolio's stocks.

Health Care and Financials Detracted

Stock selection proved less successful in the financials sector, which included four of the ten worst relative performance contributors in the portfolio. Commercial banks with significant exposure to the mortgage sector suffered sharp declines, even if their exposure to the imploding subprime market was limited. Consequently, our overweight positions in IndyMac Bancorp and Washington Mutual detracted from performance.

Another area of relative weakness was health care, which was the best-contributing sector in 2006. Biotechnology firm Amgen, a portfolio overweight, declined amid safety concerns about one of its blockbuster drugs, while health care services provider AMERIGROUP struggled with higher medical costs.

Starting Point for Next Reporting Period

Volatility in the stock market increased in the first half 2007 as investors grew concerned about the impact of higher gas prices, declining real estate values, and increasing subprime mortgage defaults on the economy in general and consumer spending in particular. This uncertainty, along with slower corporate earnings growth, is likely to continue into the second half of the year, which could lead to a choppy market environment.

Our focus will remain on our disciplined, balanced investment approach, which we believe will continue to produce favorable results over the long term.

Shareholder Fee Example (Unaudited)

Fund shareholders may incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments and redemption/exchange fees; and (2) ongoing costs, including management fees; distribution and service (12b-1) fees; and other fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in your fund and to compare these costs with the ongoing cost of investing in other mutual funds.

The example is based on an investment of $1,000 made at the beginning of the period and held for the entire period from January 1, 2007 to June 30, 2007.

Actual Expenses

The table provides information about actual account values and actual expenses for each class. You may use the information, together with the amount you invested, to estimate the expenses that you paid over the period. First, identify the share class you own. Then simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number under the heading "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The table also provides information about hypothetical account values and hypothetical expenses based on the actual expense ratio of each class of your fund and an assumed rate of return of 5% per year before expenses, which is not the actual return of a fund's share class. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in your fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads) or redemption/exchange fees. Therefore, the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value 1/1/07	Ending Account Value 6/30/07	Expenses Paid During Period* 1/1/07 – 6/30/07	Annualized Expense Ratio*
Actual				
Class I	$1,000	$1,078.50	$3.61	0.70%
Class II	$1,000	$1,077.10	$4.89	0.95%
Class III	$1,000	$1,078.50	$3.61	0.70%
Hypothetical				
Class I	$1,000	$1,021.32	$3.51	0.70%
Class II	$1,000	$1,020.08	$4.76	0.95%
Class III	$1,000	$1,021.32	$3.51	0.70%

*Expenses are equal to the class's annualized expense ratio listed in the table above, multiplied by the average account value over the period, multiplied by 181, the number of days in the most recent fiscal half-year, divided by 365, to reflect the one-half year period.

Schedule of Investments

VP Income & Growth

JUNE 30, 2007 (UNAUDITED)

Shares		Value
Common Stocks — 100.7%		
AEROSPACE & DEFENSE — 2.3%		
26,306	Lockheed Martin Corp.	$ 2,476,184
136,318	Northrop Grumman Corp.	10,615,083
14,961	Raytheon Company	806,248
		13,897,515
AIR FREIGHT & LOGISTICS — 1.1%		
16,736	FedEx Corporation	1,857,194
65,136	United Parcel Service, Inc. Cl B	4,754,928
		6,612,122
AIRLINES — 0.1%		
52,396	Southwest Airlines Co.	**781,224**
AUTO COMPONENTS — 1.9%		
163,845	ArvinMeritor, Inc.(1)	3,637,359
88,186	Magna International Inc. Cl A	8,024,044
		11,661,403
BEVERAGES — 0.8%		
34,176	Coca-Cola Enterprises Inc.	820,224
34,235	Molson Coors Brewing Co.	3,165,369
15,796	Pepsi Bottling Group Inc.	532,009
4,961	PepsiAmericas, Inc.(1)	121,842
		4,639,444
BIOTECHNOLOGY — 1.4%		
154,045	Amgen Inc.(2)	**8,517,148**
CAPITAL MARKETS — 6.4%		
28,379	Blackstone Group L.P. (The)(2)	830,653
56,578	Goldman Sachs Group, Inc. (The)	12,263,282
63,139	Lehman Brothers Holdings Inc.	4,705,118
98,813	Merrill Lynch & Co., Inc.	8,258,791
154,249	Morgan Stanley	12,938,406
		38,996,250
CHEMICALS — 2.1%		
126,050	Celanese Corp., Series A	4,888,219
210,720	Lyondell Chemical Co.	7,821,926
		12,710,145
COMMERCIAL BANKS — 0.2%		
22,277	Comerica Inc.	**1,324,813**
COMMERCIAL SERVICES & SUPPLIES — 0.2%		
26,993	Labor Ready Inc.(1)(2)	623,808
14,087	Watson Wyatt Worldwide, Inc. Cl A(1)	711,112
		1,334,920
COMMUNICATIONS EQUIPMENT — 0.2%		
37,103	Cisco Systems Inc.(2)	**1,033,319**
COMPUTERS & PERIPHERALS — 2.4%		
306,058	Hewlett-Packard Co.	$ 13,656,308
10,486	Lexmark International, Inc. Cl A(1)(2)	517,065
20,561	Western Digital Corp.(2)	397,855
		14,571,228
CONSUMER FINANCE — 0.1%		
25,834	AmeriCredit Corp.(1)(2)	**685,893**
CONTAINERS & PACKAGING — 0.5%		
73,632	Sonoco Products Co.	**3,152,186**
DISTRIBUTORS — 0.2%		
83,135	Building Materials Holding Corp.(1)	**1,179,686**
DIVERSIFIED CONSUMER SERVICES — 0.1%		
18,841	Sotheby's	**867,063**
DIVERSIFIED FINANCIAL SERVICES — 8.5%		
381,414	Bank of America Corp.	18,647,330
397,316	Citigroup Inc.	20,378,338
262,668	JPMorgan Chase & Co.	12,726,265
		51,751,933
DIVERSIFIED TELECOMMUNICATION SERVICES — 3.3%		
172,354	AT&T Inc.	7,152,691
6,473	Embarq Corp.	410,194
305,426	Verizon Communications Inc.	12,574,388
9,751	Windstream Corp.	143,925
		20,281,198
ELECTRIC UTILITIES — 0.4%		
33,288	Edison International	1,868,122
14,967	Progress Energy Inc.	682,346
		2,550,468
ELECTRONIC EQUIPMENT & INSTRUMENTS — 2.1%		
48,303	Arrow Electronics, Inc.(2)	1,856,284
156,113	Avnet Inc.(2)	6,188,320
67,907	Nam Tai Electronics, Inc.(1)	809,451
252,909	Vishay Intertechnology, Inc.(1)(2)	4,001,020
		12,855,075
ENERGY EQUIPMENT & SERVICES — 0.3%		
185,352	Grey Wolf Inc.(1)(2)	**1,527,300**
FOOD & STAPLES RETAILING — 0.2%		
30,053	Kroger Co. (The)	845,391
9,397	SUPERVALU INC.	435,269
		1,280,660
FOOD PRODUCTS — 1.2%		
9,457	ConAgra Foods, Inc.	254,015
84,332	General Mills, Inc.	4,926,675

Shares		Value
7,399	Kraft Foods Inc. Cl A	$ 260,815
842	Seaboard Corp.(1)	1,974,490
		7,415,995
GAS UTILITIES — 0.3%		
41,082	Nicor Inc.(1)	**1,763,239**
HEALTH CARE EQUIPMENT & SUPPLIES — 1.1%		
77,214	Becton, Dickinson & Co.	5,752,443
15,637	West Pharmaceutical Services Inc.(1)	737,285
		6,489,728
HEALTH CARE PROVIDERS & SERVICES — 4.8%		
87,820	Aetna Inc.	4,338,308
32,409	AMERIGROUP Corporation(1)(2)	771,334
12,383	AmerisourceBergen Corp.	612,587
52,945	Apria Healthcare Group Inc.(1)(2)	1,523,228
2,986	Coventry Health Care Inc.(2)	172,143
45,249	Healthspring Inc.(2)	862,446
121,069	Humana Inc.(2)	7,374,313
141,083	McKesson Corp.	8,414,190
54,935	WellCare Health Plans Inc.(1)(2)	4,972,167
1,568	WellPoint Inc.(2)	125,173
		29,165,889
HOTELS, RESTAURANTS & LEISURE — 1.2%		
40,684	Darden Restaurants, Inc.	1,789,689
96,508	McDonald's Corporation	4,898,747
8,582	Wyndham Worldwide Corp.(2)	311,183
		6,999,619
HOUSEHOLD DURABLES — 2.8%		
6,797	Black & Decker Corporation	600,243
22,439	Blyth, Inc.(1)	596,429
55,134	KB Home	2,170,626
89,428	Newell Rubbermaid Inc.	2,631,866
9,693	NVR, Inc.(1)(2)	6,588,816
157,663	Tupperware Brands Corp.(1)	4,531,235
		17,119,215
HOUSEHOLD PRODUCTS — 1.9%		
151,624	Kimberly-Clark Corp.	10,142,129
23,509	Procter & Gamble Co. (The)	1,438,516
		11,580,645
INDEPENDENT POWER PRODUCERS & ENERGY TRADERS — 0.7%		
62,694	TXU Corp.	**4,219,306**
INDUSTRIAL CONGLOMERATES — 1.9%		
211,270	General Electric Co.	8,087,415
102,215	Tyco International Ltd.	3,453,845
		11,541,260

Shares		Value
INSURANCE — 5.4%		
163,668	ACE, Ltd.	$ 10,232,522
36,270	American Financial Group, Inc.	1,238,621
8,839	American International Group, Inc.	618,995
52,829	Arch Capital Group Ltd.(2)	3,832,216
120,879	Aspen Insurance Holdings Ltd.	3,393,074
63,637	Axis Capital Holdings Ltd.	2,586,844
143,834	Endurance Specialty Holdings Ltd.	5,759,113
19,868	Odyssey Re Holdings Corp.(1)	852,139
39,720	PartnerRe Ltd.(1)	3,078,300
17,399	XL Capital Ltd. Cl A	1,466,562
		33,058,386
INTERNET SOFTWARE & SERVICES — 0.6%		
210,899	United Online, Inc.(1)	**3,477,725**
IT SERVICES — 5.7%		
181,818	Accenture Ltd. Cl A	7,798,174
64,371	Acxiom Corp.	1,702,613
118,116	Computer Sciences Corp.(2)	6,986,561
101,763	Electronic Data Systems Corp.	2,821,888
148,252	International Business Machines Corp.	15,603,523
		34,912,759
LEISURE EQUIPMENT & PRODUCTS — 1.7%		
34,858	Eastman Kodak Co.(1)	970,098
203,274	Hasbro, Inc.	6,384,836
119,455	Mattel, Inc.	3,021,017
		10,375,951
LIFE SCIENCES TOOLS & SERVICES — 0.8%		
163,099	Applera Corporation - Applied Biosystems Group	**4,981,043**
MACHINERY — 0.7%		
39,857	Cummins Inc.	**4,033,927**
MEDIA — 1.8%		
130,870	CBS Corp. Cl B	4,360,588
24,336	Idearc Inc.(1)	859,791
18,810	Sinclair Broadcast Group, Inc. Cl A	267,478
169,065	Walt Disney Co. (The)	5,771,880
		11,259,737
METALS & MINING — 1.4%		
27,284	Freeport-McMoRan Copper & Gold, Inc.(1)	2,259,661
56,878	United States Steel Corp.	6,185,482
		8,445,143
MULTILINE RETAIL — 0.3%		
58,104	Big Lots, Inc.(1)(2)	**1,709,420**

Shares		Value
OFFICE ELECTRONICS — 0.6%		
213,939	Xerox Corp.(2)	**$ 3,953,593**
OIL, GAS & CONSUMABLE FUELS — 14.0%		
204,764	Chevron Corp.	17,249,319
170,533	ConocoPhillips	13,386,841
64,444	EnCana Corp.	3,960,084
366,231	Exxon Mobil Corp.	30,719,455
90,292	Marathon Oil Corp.	5,413,908
84,470	Occidental Petroleum Corp.	4,889,124
26,119	Tesoro Corp.	1,492,701
106,845	Valero Energy Corp.	7,891,572
		85,003,004
PHARMACEUTICALS — 6.1%		
251,999	Biovail Corp.(1)	6,405,815
144,055	Johnson & Johnson	8,876,669
156,942	King Pharmaceuticals, Inc.(2)	3,211,033
31,969	Merck & Co., Inc.	1,592,056
609,228	Pfizer Inc.	15,577,960
100,777	ViroPharma Inc.(1)(2)	1,390,723
		37,054,256
REAL ESTATE INVESTMENT TRUSTS — 1.2%		
121,125	iStar Financial Inc.(1)	5,369,471
84,057	KKR Financial Holdings LLC(1)	2,093,860
		7,463,331
ROAD & RAIL — 1.0%		
22,444	Burlington Northern Santa Fe Corp.	1,910,882
26,262	CSX Corporation	1,183,891
25,711	Norfolk Southern Corp.	1,351,627
16,032	Union Pacific Corp.	1,846,085
		6,292,485
SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT — 1.9%		
276,992	Amkor Technology Inc.(1)(2)	4,362,624
172,300	Applied Materials, Inc.	3,423,601
1,147	Intel Corp.	27,253
69,276	Lam Research Corp.(1)(2)	3,560,786
3,889	Novellus Systems, Inc.(1)(2)	110,331
		11,484,595
SOFTWARE — 1.9%		
365,386	Microsoft Corporation	10,767,926
22,851	Sybase, Inc.(1)(2)	545,910
		11,313,836
SPECIALTY RETAIL — 1.6%		
8,515	American Eagle Outfitters, Inc.	218,495
58,146	Brown Shoe Company, Inc.	1,414,111

Shares		Value
2,997	Dress Barn Inc.(1)(2)	$ 61,498
209,052	RadioShack Corp.(1)	6,927,983
44,761	Rent-A-Center Inc.(1)(2)	1,174,081
		9,796,168
THRIFTS & MORTGAGE FINANCE — 3.1%		
52,953	Corus Bankshares Inc.(1)	913,969
138,494	Countrywide Financial Corporation	5,034,257
76,400	IndyMac Bancorp, Inc.(1)	2,228,588
251,618	Washington Mutual, Inc.	10,728,991
		18,905,805
TOBACCO — 0.2%		
10,693	Altria Group Inc.	750,007
10,438	Reynolds American Inc.	680,558
		1,430,565
TOTAL COMMON STOCKS (Cost $483,995,600)		**613,457,618**

Temporary Cash Investments — 0.3%

Repurchase Agreement, Credit Suisse First Boston, Inc., (collateralized by various U.S. Treasury obligations, 5.50%, 8/15/28, valued at $1,735,281), in a joint trading account at 4.35%, dated 6/29/07, due 7/2/07 (Delivery value $1,700,616) (Cost $1,700,000)	**1,700,000**

Temporary Cash Investments – Securities Lending Collateral(3) — 8.3%

Repurchase Agreement, Morgan Stanley Group, Inc., (collateralized by various U.S. Government Agency obligations in a pooled account at the lending agent), 5.38%, dated 6/29/07, due 7/2/07 (Delivery value $50,425,244) (Cost $50,402,647)	**50,402,647**
TOTAL INVESTMENT SECURITIES — 109.3% (Cost $536,098,247)	**665,560,265**
OTHER ASSETS AND LIABILITIES — (9.3)%	**(56,352,576)**
TOTAL NET ASSETS — 100.0%	**$609,207,689**

Notes to Schedule of Investments

(1) Security, or a portion thereof, was on loan as of June 30, 2007.

(2) Non-income producing.

(3) Investments represent purchases made by the lending agent with cash collateral received through securities lending transactions.

See Notes to Financial Statements.

Statement of Assets and Liabilities

JUNE 30, 2007 (UNAUDITED)

Assets	
Investment securities, at value (cost of $485,695,600) — including $49,246,463 of securities on loan	$615,157,618
Investments made with cash collateral received for securities on loan, at value (cost of $50,402,647)	50,402,647
Total investment securities, at value (cost of $536,098,247)	665,560,265
Dividends and interest receivable	600,899
	666,161,164
Liabilities	
Disbursements in excess of demand deposit cash	6,168,271
Payable for collateral received on securities on loan	50,402,647
Accrued management fees	376,574
Distribution fees payable	5,983
	56,953,475
Net Assets	$609,207,689
Net Assets Consist of:	
Capital (par value and paid-in surplus)	$442,942,081
Undistributed net investment income	4,248,092
Undistributed net realized gain on investment transactions	32,555,498
Net unrealized appreciation on investments	129,462,018
	$609,207,689
Class I, $0.01 Par Value	
Net assets	$571,447,358
Shares outstanding	62,586,753
Net asset value per share	$9.13
Class II, $0.01 Par Value	
Net assets	$28,185,554
Shares outstanding	3,088,877
Net asset value per share	$9.12
Class III, $0.01 Par Value	
Net assets	$9,574,777
Shares outstanding	1,048,587
Net asset value per share	$9.13

See Notes to Financial Statements.

Statement of Operations

FOR THE SIX MONTHS ENDED JUNE 30, 2007 (UNAUDITED)

Investment Income (Loss)	
Income:	
Dividends (net of foreign taxes withheld of $50,429)	$ 6,419,210
Interest	71,743
Securities lending	59,711
	6,550,664
Expenses:	
Management fees	2,241,682
Distribution fees — Class II	34,744
Directors' fees and expenses	5,654
Other expenses	10,624
	2,292,704
Net investment income (loss)	4,257,960
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) on investment transactions	40,406,722
Change in net unrealized appreciation (depreciation) on investments	3,785,975
Net realized and unrealized gain (loss)	44,192,697
Net Increase (Decrease) in Net Assets Resulting from Operations	$48,450,657

See Notes to Financial Statements.

Statement of Changes in Net Assets

SIX MONTHS ENDED JUNE 30, 2007 (UNAUDITED) AND YEAR ENDED DECEMBER 31, 2006

Increase (Decrease) in Net Assets	2007	2006
Operations		
Net investment income (loss)	$ 4,257,960	$ 11,831,833
Net realized gain (loss)	40,406,722	57,685,943
Change in net unrealized appreciation (depreciation)	3,785,975	37,715,897
Net increase (decrease) in net assets resulting from operations	48,450,657	107,233,673
Distributions to Shareholders		
From net investment income:		
Class I	(11,037,980)	(14,163,521)
Class II	(440,604)	(426,144)
Class III	(179,392)	(99,168)
Decrease in net assets from distributions	(11,657,976)	(14,688,833)
Capital Share Transactions		
Net increase (decrease) in net assets from capital share transactions	(80,859,396)	(245,059,530)
Net increase (decrease) in net assets	(44,066,715)	(152,514,690)
Net Assets		
Beginning of period	653,274,404	805,789,094
End of period	$609,207,689	$ 653,274,404
Undistributed net investment income	$4,248,092	$11,648,108

See Notes to Financial Statements.

JUNE 30, 2007 (UNAUDITED)

1. Organization and Summary of Significant Accounting Policies

Organization — American Century Variable Portfolios, Inc. (the corporation) is registered under the Investment Company Act of 1940 (the 1940 Act) as an open-end management investment company. VP Income & Growth Fund (the fund) is one fund in a series issued by the corporation. The fund is diversified under the 1940 Act. The fund's investment objective is to seek capital growth by investing in common stocks. Income is a secondary objective. The following is a summary of the fund's significant accounting policies.

Multiple Class — The fund is authorized to issue Class I, Class II, and Class III. The share classes differ principally in their respective distribution and shareholder servicing expenses and arrangements. All shares of the fund represent an equal pro rata interest in the assets of the class to which such shares belong, and have identical voting, dividend, liquidation and other rights and the same terms and conditions, except for class specific expenses and exclusive rights to vote on matters affecting only individual classes. Income, non-class specific expenses, and realized and unrealized capital gains and losses of the fund are allocated to each class of shares based on their relative net assets.

Security Valuations — Securities traded primarily on a principal securities exchange are valued at the last reported sales price, or at the mean of the latest bid and asked prices where no last sales price is available. Depending on local convention or regulation, securities traded over-the-counter are valued at the mean of the latest bid and asked prices, the last sales price, or the official close price. Debt securities not traded on a principal securities exchange are valued through a commercial pricing service or at the mean of the most recent bid and asked prices. Discount notes may be valued through a commercial pricing service or at amortized cost, which approximates fair value. Securities traded on foreign securities exchanges and over-the-counter markets are normally completed before the close of business on days that the New York Stock Exchange (the Exchange) is open and may also take place on days when the Exchange is not open. If an event occurs after the value of a security was established but before the net asset value per share was determined that was likely to materially change the net asset value, that security would be valued as determined in accordance with procedures adopted by the Board of Directors. If the fund determines that the market price of a portfolio security is not readily available, or that the valuation methods mentioned above do not reflect the security's fair value, such security is valued as determined by, or in accordance with procedures adopted by, the Board of Directors or its designee if such determination would materially impact a fund's net asset value. Certain other circumstances may cause the fund to use alternative procedures to value a security such as: a security has been declared in default; trading in a security has been halted during the trading day; or there is a foreign market holiday and no trading will commence.

Security Transactions — Security transactions are accounted for as of the trade date. Net realized gains and losses are determined on the identified cost basis, which is also used for federal income tax purposes.

Investment Income — Dividend income less foreign taxes withheld, if any, is recorded as of the ex-dividend date. Interest income is recorded on the accrual basis and includes accretion of discounts and amortization of premiums.

Securities on Loan — The fund may lend portfolio securities through its lending agent to certain approved borrowers in order to earn additional income. The fund continues to recognize any gain or loss in the market price of the securities loaned and records any interest earned or dividends declared.

Repurchase Agreements — The fund may enter into repurchase agreements with institutions that American Century Investment Management, Inc. (ACIM) (the investment advisor) has determined are creditworthy pursuant to criteria adopted by the Board of Directors. Each repurchase agreement is recorded at cost. The fund requires that the collateral, represented by securities, received in a repurchase transaction be transferred to the custodian in a manner sufficient to enable the fund to obtain those securities in the event of a default under the repurchase agreement. ACIM monitors, on a daily basis, the securities transferred to ensure the value, including accrued interest, of the securities under each repurchase agreement is equal to or greater than amounts owed to the fund under each repurchase agreement.

Joint Trading Account — Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, the fund, along with other registered investment companies having management agreements with ACIM or American Century Global Investment Management, Inc. (ACGIM), may transfer uninvested cash balances into a joint trading account. These balances are invested in one or more repurchase agreements that are collateralized by U.S. Treasury or Agency obligations.

Income Tax Status — It is the fund's policy to distribute substantially all net investment income and net realized gains to shareholders and to otherwise qualify as a regulated investment company under provisions of the Internal Revenue Code. Accordingly, no provision has been made for federal or state income taxes.

Distributions to Shareholders — Distributions to shareholders are recorded on the ex-dividend date. Distributions from net investment income and net realized gains, if any, are generally declared and paid annually.

The book-basis character of distributions made during the year from net investment income or net realized gains may differ from their ultimate characterization for federal income tax purposes. These differences reflect the differing character of certain income items and net realized gains and losses for financial statement and tax purposes, and may result in reclassification among certain capital accounts on the financial statements.

As of December 31, 2006, the fund had accumulated net realized capital loss carryovers for federal income tax purposes of $(2,757,605) expiring in 2010, which may be used to offset future taxable gains.

Redemption — The fund may impose a 1.00% redemption fee on shares held less than 60 days. The fee may not be applicable to all classes. The redemption fee is recorded as a reduction in the cost of shares redeemed. The redemption fee is retained by the fund and helps cover transaction costs that long-term investors may bear when a fund sells securities to meet investor redemptions.

Indemnifications — Under the corporation's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the fund. In addition, in the normal course of business, the fund enters into contracts that provide general indemnifications. The fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the fund. The risk of material loss from such claims is considered by management to be remote.

Use of Estimates — The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which may require management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from these estimates.

2. Fees and Transactions with Related Parties

Management Fees — The corporation has entered into a Management Agreement with ACIM, under which ACIM provides the fund with investment advisory and management services in exchange for a single, unified management fee (the fee) per class. The Agreement provides that all expenses of the fund, except brokerage commissions, taxes, interest, fees and expenses of those directors who are not considered "interested persons" as defined in the 1940 Act (including counsel fees) and extraordinary expenses, will be paid by ACIM. The fee is computed and accrued daily based on the daily net assets of the specific class of shares of the fund and paid monthly in arrears. For funds with a stepped fee schedule, the rate of the fee is determined by applying a fee rate calculation formula. This formula takes into account all of the investment advisor's assets under management in the fund's investment strategy (strategy assets) to calculate the appropriate fee rate for the fund. The strategy assets include the fund's assets and the assets of other clients of the investment advisor that are not in the American Century family of funds, but that have the same investment team and investment strategy. The annual management fee schedule for each class of the fund ranges from 0.65% to 0.70% for Class I, Class II and Class III. The effective annual management fee for each class of the fund for the six months ended June 30, 2007 was 0.70%.

Distribution Fees — The Board of Directors has adopted the Master Distribution Plan (the plan) for Class II, pursuant to Rule 12b-1 of the 1940 Act. The plan provides that Class II will pay American Century Investment Services, Inc. (ACIS) an annual distribution fee equal to 0.25%. The fee is computed and accrued daily based on the Class II daily net assets and paid monthly in arrears. The distribution fee provides compensation for expenses incurred in connection with distributing shares of Class II including, but not limited to, payments to brokers, dealers, and financial institutions that have entered into sales agreements with respect to shares of the fund. Fees incurred under the plan during the six months ended June 30, 2007, are detailed in the Statement of Operations.

Related Parties — Certain officers and directors of the corporation are also officers and/or directors, and, as a group, controlling stockholders of American Century Companies, Inc. (ACC), the parent of the corporation's investment advisor, ACIM, the distributor of the corporation, ACIS, and the corporation's transfer agent, American Century Services, LLC.

The fund may invest in a money market fund for temporary purposes, which is managed by J.P. Morgan Investment Management, Inc. (JPMIM). JPMIM is a wholly owned subsidiary of JPMorgan Chase & Co. (JPM). JPM is an equity investor in ACC. The fund has a bank line of credit agreement and securities lending agreement with JPMorgan Chase Bank (JPMCB). JPMCB is a custodian of the fund and a wholly owned subsidiary of JPM.

3. Investment Transactions

Purchases and sales of investment securities, excluding short-term investments, for the six months ended June 30, 2007, were $154,218,014 and $235,229,929, respectively.

As of June 30, 2007, the composition of unrealized appreciation and depreciation of investment securities based on the aggregate cost of investments for federal income tax purposes was as follows:

Federal tax cost of investments	$540,234,998
Gross tax appreciation of investments	$134,204,290
Gross tax depreciation of investments	(8,879,023)
Net tax appreciation (depreciation) of investments	$125,325,267

The difference between book-basis and tax-basis cost and unrealized appreciation (depreciation) is attributable primarily to the tax deferral of losses on wash sales and return of capital dividends.

4. Capital Share Transactions

Transactions in shares of the fund were as follows:

	Six months ended June 30, 2007		Year ended December 31, 2006	
	Shares	Amount	Shares	Amount
Class I/Shares Authorized	300,000,000		300,000,000	
Sold	2,796,524	$ 24,708,850	7,269,030	$ 56,654,260
Issued in reinvestment of distributions	1,329,877	11,037,980	1,898,595	14,163,521
Redeemed	(12,853,409)	(114,724,668)	(40,653,523)	(315,494,267)
	(8,727,008)	(78,977,838)	(31,485,898)	(244,676,486)
Class II/Shares Authorized	50,000,000		50,000,000	
Sold	335,338	3,022,186	590,568	4,615,912
Issued in reinvestment of distributions	53,085	440,604	57,124	426,144
Redeemed	(523,026)	(4,674,062)	(1,139,010)	(8,829,875)
	(134,603)	(1,211,272)	(491,318)	(3,787,819)
Class III/Shares Authorized	50,000,000		50,000,000	
Sold	303,705	2,717,911	598,120	4,980,918
Issued in reinvestment of distributions	21,614	179,392	13,293	99,168
Redeemed	(416,288)	(3,567,589)(1)	(217,395)	(1,675,311)(2)
	(90,969)	(670,286)	394,018	3,404,775
Net increase (decrease)	(8,952,580)	$(80,859,396)	(31,583,198)	$(245,059,530)

(1) Net of redemption fees of $4,224.

(2) Net of redemption fees of $374.

5. Securities Lending

As of June 30, 2007, securities in the fund valued at $49,246,463 were on loan through the lending agent, JPMCB, to certain approved borrowers. JPMCB receives and maintains collateral in the form of cash and/or acceptable securities as approved by ACIM. Cash collateral is invested in authorized investments by the lending agent in a pooled account. The value of cash collateral received at period end is disclosed in the Statement of Assets and Liabilities and investments made with the cash by the lending agent are listed in the Schedule of Investments. Any deficiencies or excess of collateral must be delivered or transferred by the member firms no later than the close of business on the next business day. The total value of all collateral received, at this date, was $50,402,647. The fund's risks in securities lending are that the borrower may not provide additional collateral when required or return the securities when due. If the borrower defaults, receipt of the collateral by the fund may be delayed or limited.

6. Bank Line of Credit

The fund, along with certain other funds managed by ACIM or ACGIM, has a $500,000,000 unsecured bank line of credit agreement with JPMCB. The fund may borrow money for temporary or emergency purposes to fund shareholder redemptions. Borrowings under the agreement bear interest at the Federal Funds rate plus 0.40%. The fund did not borrow from the line during the six months ended June 30, 2007.

7. Recently Issued Accounting Standards

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109" (FIN 48). FIN 48 establishes a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. FIN 48 is effective for fiscal years beginning after December 15, 2006, and is to be applied to all open tax years as of the date of effectiveness. Management has concluded that the adoption of FIN 48 will not materially impact the financial statements.

The FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" (FAS 157), in September 2006, which is effective for fiscal years beginning after November 15, 2007. FAS 157 defines fair value, establishes a framework for measuring fair value and expands the required financial statement disclosures about fair value measurements. Management is currently evaluating the impact that adopting FAS 157 will have on financial statement disclosures.

Financial Highlights

VP Income & Growth

Class I

For a Share Outstanding Throughout the Years Ended December 31 (except as noted)	2007[1]	2006	2005	2004	2003	2002
Per-Share Data						
Net Asset Value, Beginning of Period	$8.63	$7.51	$7.32	$6.57	$5.16	$6.46
Income From Investment Operations						
Net Investment Income (Loss)[2]	0.06	0.14	0.13	0.14	0.10	0.08
Net Realized and Unrealized Gain (Loss)	0.60	1.12	0.20	0.71	1.38	(1.32)
Total From Investment Operations	0.66	1.26	0.33	0.85	1.48	(1.24)
Distributions						
From Net Investment Income	(0.16)	(0.14)	(0.14)	(0.10)	(0.07)	(0.06)
Net Asset Value, End of Period	$9.13	$8.63	$7.51	$7.32	$6.57	$5.16
Total Return[3]	**7.85%**	**17.09%**	**4.63%**	**12.99%**	**29.35%**	**(19.37)%**
Ratios/Supplemental Data						
Ratio of Operating Expenses to Average Net Assets	0.70%[4]	0.70%	0.70%	0.70%	0.70%	0.70%
Ratio of Net Investment Income (Loss) to Average Net Assets	1.35%[4]	1.75%	1.81%	2.08%	1.78%	1.32%
Portfolio Turnover Rate	24%	63%	76%	75%	71%	72%
Net Assets, End of Period (in thousands)	$571,447	$615,658	$772,330	$805,904	$826,785	$614,424

(1) Six months ended June 30, 2007 (unaudited).

(2) Computed using average shares outstanding throughout the period.

(3) Total return assumes reinvestment of net investment income and capital gains distributions, if any. Total returns for periods less than one year are not annualized. The total return of the classes may not precisely reflect the class expense differences because of the impact of calculating the net asset values to two decimal places. If net asset values were calculated to three decimal places, the total return differences would more closely reflect the class expense differences. The calculation of net asset values to two decimal places is made in accordance with SEC guidelines and does not result in any gain or loss of value between one class and another.

(4) Annualized.

See Notes to Financial Statements.

VP Income & Growth

Class II

For a Share Outstanding Throughout the Years Ended December 31 (except as noted)	2007[(1)]	2006	2005	2004	2003	2002[(2)]
Per-Share Data						
Net Asset Value, Beginning of Period	$8.62	$7.50	$7.30	$6.56	$5.15	$6.22
Income From Investment Operations						
Net Investment Income (Loss)[(3)]	0.05	0.12	0.11	0.13	0.09	0.05
Net Realized and Unrealized Gain (Loss)	0.59	1.12	0.22	0.69	1.39	(1.12)
Total From Investment Operations	0.64	1.24	0.33	0.82	1.48	(1.07)
Distributions						
From Net Investment Income	(0.14)	(0.12)	(0.13)	(0.08)	(0.07)	–
Net Asset Value, End of Period	$9.12	$8.62	$7.50	$7.30	$6.56	$5.15
Total Return[(4)]	**7.71%**	**16.81%**	**4.52%**	**12.57%**	**29.19%**	**(17.20)%**
Ratios/Supplemental Data						
Ratio of Operating Expenses to Average Net Assets	0.95%[(5)]	0.95%	0.95%	0.95%	0.95%	0.95%[(5)]
Ratio of Net Investment Income (Loss) to Average Net Assets	1.10%[(5)]	1.50%	1.56%	1.83%	1.53%	1.42%[(5)]
Portfolio Turnover Rate	24%	63%	76%	75%	71%	72%[(6)]
Net Assets, End of Period (in thousands)	$28,186	$27,778	$27,857	$25,218	$14,370	$1,533

(1) Six months ended June 30, 2007 (unaudited).

(2) May 1, 2002 (commencement of sale) through December 31, 2002.

(3) Computed using average shares outstanding throughout the period.

(4) Total return assumes reinvestment of net investment income and capital gains distributions, if any. Total returns for periods less than one year are not annualized. The total return of the classes may not precisely reflect the class expense differences because of the impact of calculating the net asset values to two decimal places. If net asset values were calculated to three decimal places, the total return differences would more closely reflect the class expense differences. The calculation of net asset values to two decimal places is made in accordance with SEC guidelines and does not result in any gain or loss of value between one class and another.

(5) Annualized.

(6) Portfolio turnover is calculated at the fund level. Percentage indicated was calculated for the year ended December 31, 2002.

See Notes to Financial Statements.

VP Income & Growth

Class III

For a Share Outstanding Throughout the Years Ended December 31 (except as noted)	2007(1)	2006	2005	2004	2003	2002(2)
Per-Share Data						
Net Asset Value, Beginning of Period	$8.63	$7.51	$7.32	$6.57	$5.16	$5.63
Income From Investment Operations						
Net Investment Income (Loss)(3)	0.06	0.13	0.13	0.15	0.11	0.04
Net Realized and Unrealized Gain (Loss)	0.60	1.13	0.20	0.70	1.37	(0.51)
Total From Investment Operations	0.66	1.26	0.33	0.85	1.48	(0.47)
Distributions						
From Net Investment Income	(0.16)	(0.14)	(0.14)	(0.10)	(0.07)	–
Net Asset Value, End of Period	$9.13	$8.63	$7.51	$7.32	$6.57	$5.16
Total Return(4)	**7.85%**	**17.09%**	**4.63%**	**12.99%**	**29.35%**	**(8.35)%**
Ratios/Supplemental Data						
Ratio of Operating Expenses to Average Net Assets	0.70%(5)	0.70%	0.70%	0.70%	0.70%	0.70%(5)
Ratio of Net Investment Income (Loss) to Average Net Assets	1.35%(5)	1.75%	1.81%	2.08%	1.75%	1.63%(5)
Portfolio Turnover Rate	24%	63%	76%	75%	71%	72%(6)
Net Assets, End of Period (in thousands)	$9,575	$9,838	$5,601	$3,683	$1,669	$376

(1) Six months ended June 30, 2007 (unaudited).

(2) June 26, 2002 (commencement of sale) through December 31, 2002.

(3) Computed using average shares outstanding throughout the period.

(4) Total return assumes reinvestment of net investment income and capital gains distributions, if any. Total returns for periods less than one year are not annualized. The total return of the classes may not precisely reflect the class expense differences because of the impact of calculating the net asset values to two decimal places. If net asset values were calculated to three decimal places, the total return differences would more closely reflect the class expense differences. The calculation of net asset values to two decimal places is made in accordance with SEC guidelines and does not result in any gain or loss of value between one class and another.

(5) Annualized.

(6) Portfolio turnover is calculated at the fund level. Percentage indicated was calculated for the year ended December 31, 2002.

See Notes to Financial Statements.

Approval of Management Agreement

VP Income & Growth

Under Section 15(c) of the Investment Company Act, contracts for investment advisory services are required to be reviewed, evaluated and approved by a majority of a fund's independent directors or trustees (the "Directors") each year. At American Century, this process is referred to as the "15(c) Process." As a part of this process, the board reviews fund performance, shareholder services, audit and compliance information, and a variety of other reports from the advisor concerning fund operations. In addition to this annual review, the board of directors oversees and evaluates on a continuous basis at its quarterly meetings the nature and quality of significant services performed by the advisor, fund performance, audit and compliance information, and a variety of other reports relating to fund operations. The board, or committees of the board, also holds special meetings as needed.

Under a Securities and Exchange Commission rule, each fund is required to disclose in its annual or semiannual report, as appropriate, the material factors and conclusions that formed the basis for the board's approval or renewal of any advisory agreements within the fund's most recently completed fiscal half-year period.

Annual Contract Review Process

As part of the annual 15(c) Process undertaken during the most recent fiscal half-year period, the Directors reviewed extensive data and information compiled by the advisor and certain independent providers of evaluative data (the "15(c) Providers") concerning VP Income & Growth (the "fund") and the services provided to the fund under the management agreement. The information considered and the discussions held at the meetings included, but were not limited to:

- the nature, extent and quality of investment management, shareholder services and other services provided to the fund under the management agreement;

- reports on the advisor's activities relating to the wide range of programs and services the advisor provides to the fund and its shareholders on a routine and non-routine basis;

- data comparing the cost of owning the fund to the cost of owning a similar fund;

- data comparing the fund's performance to appropriate benchmarks and/or a peer group of other mutual funds with similar investment objectives and strategies;

- financial data showing the profitability of the fund to the advisor and the overall profitability of the advisor; and

- data comparing services provided and charges to other investment management clients of the advisor.

In keeping with its practice, the fund's board of directors held two regularly scheduled meetings and one special meeting to review and discuss the information provided by the advisor and to complete its negotiations with the advisor regarding the renewal of the management agreement, including the setting of the applicable advisory fee. The board also had the benefit of the advice of its independent counsel throughout the period.

Factors Considered

The Directors considered all of the information provided by the advisor, the 15(c) Providers, and the board's independent counsel, and evaluated such information for each fund for which the board has responsibility. The Directors did not identify any single factor as being all-important or controlling, and each Director may have attributed different levels of importance to different factors. In deciding to renew the agreement under the terms ultimately determined by the board to be appropriate, the Directors' decision was based on the following factors.

Nature, Extent and Quality of Services — Generally. Under the management agreement, the advisor is responsible for providing or arranging for all services necessary for the operation of the fund. The board noted that under the management agreement, the advisor provides or arranges at its own expense a wide variety of services including:

- fund construction and design
- portfolio security selection
- initial capitalization/funding
- securities trading
- custody of fund assets
- daily valuation of the fund's portfolio
- shareholder servicing and transfer agency, including shareholder confirmations, recordkeeping and communications
- legal services
- regulatory and portfolio compliance
- financial reporting
- marketing and distribution

The Directors noted that many of these services have expanded over time both in terms of quantity and complexity in response to shareholder demands, competition in the industry and the changing regulatory environment. In performing their evaluation, the Directors considered information received in connection with the annual review, as well as information provided on an ongoing basis at their regularly scheduled board and committee meetings.

Investment Management Services. The nature of the investment management services provided is quite complex and allows fund shareholders access to professional money management, instant diversification of their investments within an asset class, the opportunity to easily diversify among asset classes, and liquidity. In evaluating investment performance, the board expects the advisor to manage the fund in accordance with its investment objectives and approved strategies. In providing these services, the advisor utilizes teams of investment professionals (portfolio managers, analysts, research assistants, and securities traders) who require extensive information technology, research, training, compliance and other systems to conduct their business.

At each quarterly meeting the Directors review investment performance information for the fund, together with comparative information for appropriate benchmarks and peer groups of funds managed similarly to the fund. The Directors also review detailed performance information during the 15(c) Process comparing the fund's performance with that of similar funds not managed by the advisor. If performance concerns are identified, the Directors discuss with the advisor the reasons for such results (e.g., market conditions, security selection) and any efforts being undertaken to improve performance. Performance information presented to the Directors showed that the fund's performance was above its benchmark for both the one- and three-year periods.

Shareholder and Other Services. The advisor provides the fund with a comprehensive package of transfer agency, shareholder, and other services. The Directors review reports and evaluations of such services at their regular quarterly meetings, including the annual meeting concerning contract review, and reports to the board. These reports include, but are not limited to, information regarding the operational efficiency and accuracy of the shareholder and transfer agency services provided, staffing levels, shareholder satisfaction (as measured by external as well as internal sources), technology support, new products and services offered to fund shareholders, securities trading activities, portfolio valuation services, auditing services, and legal and operational compliance activities. Certain aspects of shareholder and transfer agency service level efficiency and the quality of securities trading activities are measured by independent third party providers and are presented in comparison to other fund groups not managed by the advisor.

Costs of Services Provided and Profitability to the Advisor. The advisor provides detailed information concerning its cost of providing various services to the fund, its profitability in managing the fund, its overall profitability, and its financial condition. The Directors have reviewed with the advisor the methodology used to prepare this financial information. This financial information regarding the advisor is considered in order to evaluate the advisor's financial condition, its ability to continue to provide services under the management agreement, and the reasonableness of the current management fee.

Ethics of the Advisor. The Directors generally consider the advisor's commitment to providing quality services to shareholders and to conducting its business ethically. They noted that the advisor's practices generally meet or exceed industry best practices.

Economies of Scale. The Directors review reports provided by the advisor on economies of scale for the complex as a whole and the year-over-year changes in revenue, costs, and profitability. The Directors concluded that economies of scale are difficult to measure and predict with precision, especially on a fund-by-fund basis. This analysis is also complicated by the additional services and content provided by the advisor and its reinvestment in its ability to provide and expand those services. Accordingly, the Directors also seek to evaluate economies of scale by reviewing other information, such as year-over-year profitability of the advisor generally, the profitability of its management of the fund specifically, the expenses incurred by the advisor in providing various functions to the fund, and the breakpoint fees of competitive funds not managed by the advisor. The Directors believe the advisor is appropriately sharing economies of scale through its competitive fee structure, fee breakpoints as the fund increases in size, and through reinvestment in its business to provide shareholders additional content and services.

Comparison to Other Funds' Fees. The fund pays the advisor a single, all-inclusive (or unified) management fee for providing all services necessary for the management and operation of the fund, other than brokerage expenses, taxes, interest, extraordinary expenses, and the fees and expenses of the fund's independent directors (including their independent legal counsel). Under the unified fee structure, the advisor is responsible for providing all investment advisory, custody, audit, administrative, compliance, recordkeeping, marketing and shareholder services, or arranging and supervising third parties to provide such services. By contrast, most other funds are charged a variety of fees, including an investment advisory fee, a transfer agency fee, an administrative fee, distribution charges and other expenses. Other than their investment advisory fees and Rule 12b-1 distribution fees, all other components of the total fees charged by these other funds may be increased without shareholder approval. The board believes the unified fee structure is a benefit to fund shareholders because it clearly discloses to shareholders the cost of owning fund shares, and, since the unified fee cannot be increased without a vote of fund shareholders, it shifts to the advisor the risk of increased costs of operating the fund and provides a direct incentive to minimize administrative inefficiencies. Part of the Directors' analysis of fee levels involves reviewing certain evaluative data compiled by a 15(c) Provider comparing the fund's unified fee to the total expense ratio of other funds in the fund's peer group. The unified fee charged to shareholders of the fund was in the lowest quartile of the total expense ratios of its peer group.

Comparison to Fees and Services Provided to Other Clients of the Advisor. The Directors also requested and received information from the advisor concerning the nature of the services, fees, and profitability of its advisory services to advisory clients other than the fund. They observed that these varying types of client accounts require different services and involve different regulatory and entrepreneurial risks than the management of the fund. The Directors analyzed this information and concluded that the fees charged and services provided to the fund were reasonable by comparison.

Collateral Benefits Derived by the Advisor. The Directors reviewed information from the advisor concerning collateral benefits it receives as a result of its relationship with the fund. They concluded that the advisor's primary business is managing mutual funds and it generally does not use the fund or shareholder information to generate profits in other lines of business, and therefore does not derive any significant collateral benefits from them. The Directors noted that the advisor receives proprietary research from broker-dealers that execute fund portfolio transactions and concluded that this research is likely to benefit fund shareholders. The Directors also determined that the advisor is able to provide investment management services to certain clients other than the fund, at least in part, due to its existing infrastructure built to serve the fund complex. The Directors concluded, however, that the assets of those other clients are not material to the analysis and, in any event, are included with the assets of the fund to determine breakpoints in the fund's fee schedule, provided they are managed using the same investment team and strategy.

Conclusions of the Directors

As a result of this process, the independent directors, in the absence of particular circumstances and assisted by the advice of legal counsel that is independent of the advisor, taking into account all of the factors discussed above and the information provided by the advisor concluded that the investment management agreement between the fund and the advisor is fair and reasonable in light of the services provided and should be renewed.

Share Class Information

Three classes of shares are authorized for sale by the fund: Class I, Class II, and Class III.

Class I shares are sold through insurance company separate accounts. Class I shareholders do not pay any commissions or other fees to American Century for the purchase of portfolio shares.

Class II shares are sold through insurance company separate accounts. Class II shares are subject to a 0.25% Rule 12b-1 distribution fee, which is available to pay for distribution services provided by the financial intermediary through which the Class II shares are purchased. The total expense ratio of Class II shares is higher than the total expense ratio of Class I shares.

Class III shares are sold through insurance company separate accounts. Class III shareholders do not pay any commissions or other fees to American Century for the purchase of portfolio shares. However, Class III shares have a 1.00% redemption fee for shares that are redeemed or exchanged within 60 days of purchase. The total expense ratio of Class III shares is the same as the total expense ratio of Class I shares.

All classes of shares represent a pro rata interest in the fund and generally have the same rights and preferences. Because all shares of the fund are sold through insurance company separate accounts, additional fees may apply.

Additional Information

Proxy Voting Guidelines

American Century Investment Management, Inc., the fund's investment advisor, is responsible for exercising the voting rights associated with the securities purchased and/or held by the fund. A description of the policies and procedures the advisor uses in fulfilling this responsibility is available without charge, upon request, by calling 1-800-378-9878. It is also available on American Century's website at americancentury.com and on the Securities and Exchange Commission's website at sec.gov. Information regarding how the investment advisor voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available on the "About Us" page at americancentury.com. It is also available at sec.gov.

Quarterly Portfolio Disclosure

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q is available on the SEC's website at sec.gov, and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The fund also makes its complete schedule of portfolio holdings for the most recent quarter of its fiscal year available on its website at ipro.americancentury.com (for Investment Professionals) and, upon request, by calling 1-800-378-9878.

Index Definitions

The following indices are used to illustrate investment market, sector, or style performance or to serve as fund performance comparisons. They are not investment products available for purchase.

The **Russell 1000® Index** is a market-capitalization weighted, large-cap index created by Frank Russell Company to measure the performance of the 1,000 largest companies in the Russell 3000 Index (the 3,000 largest publicly traded U.S. companies, based on total market capitalization).

The **Russell 1000® Growth Index** measures the performance of those Russell 1000 Index companies (the 1,000 largest of the 3,000 largest publicly traded U.S. companies, based on total market capitalization) with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000® Value Index** measures the performance of those Russell 1000 Index companies (the 1,000 largest of the 3,000 largest publicly traded U.S. companies, based on total market capitalization) with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000® Index** is a market-capitalization weighted index created by Frank Russell Company to measure the performance of the 2,000 smallest of the 3,000 largest publicly traded U.S. companies, based on total market capitalization.

The **Russell 2000® Growth Index** measures the performance of those Russell 2000 Index companies (the 2,000 smallest of the 3,000 largest publicly traded U.S. companies, based on total market capitalization) with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000® Value Index** measures the performance of those Russell 2000 Index companies (the 2,000 smallest of the 3,000 largest publicly traded U.S. companies, based on total market capitalization) with lower price-to-book ratios and lower forecasted growth values.

The **Russell Midcap® Index** measures the performance of the 800 smallest of the 1,000 largest publicly traded U.S. companies, based on total market capitalization.

The **Russell Midcap® Growth Index** measures the performance of those Russell Midcap Index companies (the 800 smallest of the 1,000 largest publicly traded U.S. companies, based on total market capitalization) with higher price-to-book ratios and higher forecasted growth values.

The **Russell Midcap® Value Index** measures the performance of those Russell Midcap Index companies (the 800 smallest of the 1,000 largest publicly traded U.S. companies, based on total market capitalization) with lower price-to-book ratios and lower forecasted growth values.

The **S&P 500 Index** is a market value-weighted index of the stocks of 500 publicly traded U.S. companies chosen for market size, liquidity, and industry group representation that are considered to be leading firms in dominant industries. Each stock's weight in the index is proportionate to its market value. Created by Standard & Poor's, it is considered to be a broad measure of U.S. stock market performance.

Notes

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