

*Your*  
AMERICAN CENTURY  
*prospectus*

VP Value Fund

MAY 1, 2001

*The Securities and Exchange Commission has not approved or disapproved these securities or determined if this Prospectus is accurate or complete. Anyone who tells you otherwise is committing a crime.*

American Century Investment  
Services, Inc.




AMERICAN  
CENTURY®

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*Throughout this book you'll find definitions of key investment terms and phrases. When you see a word printed in **blue italics**, look for its definition in the left margin.*

 *This symbol highlights special information and helpful tips.*

# An Overview of the Fund

## What are the fund's investment objectives?

This fund seeks long-term capital growth. Income is a secondary objective.

## What are the fund's primary investment strategy and principal risks?

In selecting stocks for VP Value, the fund managers look for stocks of companies that they believe are undervalued at the time of purchase. A more detailed description of the fund's value investment strategy begins on page 5.

The fund's principal risks include

- **Market Risk** – The value of a fund's shares will go up and down based on the performance of the companies whose securities it owns and other factors generally affecting the securities market.
- **Price Volatility** – The value of a fund's shares may fluctuate significantly in the short term.
- **Principal Loss** – As with all mutual funds, it is possible to lose money by investing in the fund.
- **Style Risk** – If the fund's investment style is out of favor with the market, the fund's performance may suffer.

## Who *may* want to invest in the fund?

The fund may be a good investment if you are

- seeking long-term capital growth from your investment
- seeking an equity fund that utilizes a value style of investing
- comfortable with the risks associated with the fund's investment strategy

## Who *may not* want to invest in the fund?

The fund may not be a good investment if you are

- investing for a short period of time
- uncomfortable with volatility in the value of your investment



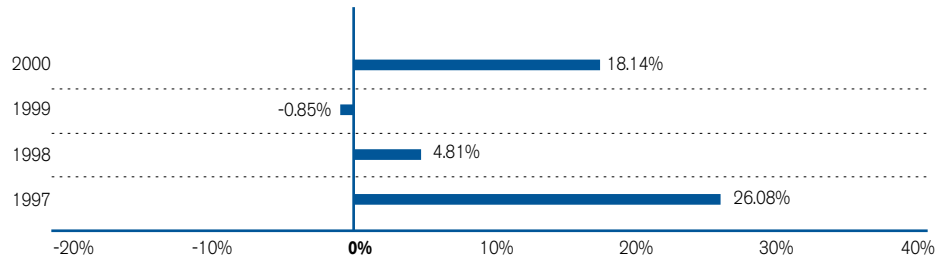
*An investment in the fund is not a bank deposit, and it is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.*

# Fund Performance History

## VP Value Fund

### Annual Total Returns

The following bar chart shows the performance of the fund's shares for each full calendar year in the life of the fund. It indicates the volatility of the fund's historical returns from year to year.



The highest and lowest returns for the period reflected in the bar chart are:


	Highest	Lowest
VP Value	18.09% (2Q1999)	-11.05% (3Q1999)

### Average Annual Total Returns

The following table shows the average annual total returns of the fund's shares for the periods indicated. The benchmarks are unmanaged indices that have no operating costs and are included in the table for performance comparison. The S&P 500 is viewed as a broad measure of U.S. Stock performance. The Lipper Multicap Value Index is an index of multicap value funds that have management styles similar to the fund's.

For the calendar year ended December 31, 2000	1 year	Life of Fund <sup>(1)</sup>
VP Value	18.14%	12.59%
S&P 500 Index	-9.10%	18.05%
Lipper Multicap Value Index	9.64%	12.99%

<sup>1</sup>The inception date for VP Value is May 1, 1996.

 The performance information on this page is designed to help you see how the fund's returns can vary. Keep in mind that past performance does not predict how the fund will perform in the future.

# Objectives, Strategies and Risks

## VP Value Fund

### What are the fund's investment objectives?

The fund seeks long-term capital growth by investing primarily in common stocks. Income is a secondary objective.

### How does the fund pursue its investment objective?

The fund managers look for stocks of companies that they believe are undervalued at the time of purchase. The managers use a value investment strategy that looks for companies that are temporarily out of favor in the market. The managers attempt to purchase the stocks of these undervalued companies and hold them until they have returned to favor in the market and their stock prices have gone up.

Companies may be undervalued due to market declines, poor economic conditions, actual or anticipated bad news regarding the issuer or its industry, or because they have been overlooked by the market. To identify these companies, the fund managers look for companies with earnings, cash flows and/or assets that may not be reflected accurately in the companies' stock prices or may be outside the companies' historical ranges.

The fund managers do not attempt to time the market. Instead, under normal market conditions, they intend to keep at least 80% of the fund's assets invested in stocks regardless of the movement of stock prices generally. When the managers believe it is prudent, the fund may invest a portion of its assets in convertible debt securities, equity-equivalent securities, foreign securities, short-term instruments, bonds, notes and debt securities of companies, debt obligations of governments and their agencies, **nonleveraged** stock index futures contracts and other similar securities. Stock index futures contracts, a type of derivative security, can help the fund's cash assets remain liquid while performing more like stocks. The fund has a policy governing stock index futures contracts and similar derivative securities to help manage the risk of these types of investments. For example, the fund managers cannot invest in a derivative security if it would be possible for a fund to lose more money than it invested. A complete description of the derivatives policy is included in the Statement of Additional Information.

In the event of exceptional market or economic conditions, the fund may, as a temporary defensive measure, invest all or a substantial portion of its assets in cash or high-quality, short-term debt securities. To the extent the fund assumes a defensive position, it will not be pursuing its objective of capital growth. The fund generally limits its purchase of debt securities to investment-grade obligations, except for convertible debt securities, which may be rated below investment grade.

Additional information about the fund's investments is available in its annual and semiannual reports. In these reports you will find a discussion of the market conditions and investment strategies that significantly affected the fund's performance during the most recent fiscal period. You may get these reports at no cost by calling the insurance company from which you purchased the shares or by calling us.



**Nonleveraged** means that the fund may not invest in futures contracts when it would be possible to lose more than the fund invested.

## **What are the principal risks of investing in the fund?**

The value of the fund's shares depends on the value of the stocks and other securities it owns. The value of the individual securities the fund owns will go up and down depending on the performance of the companies that issued them, general market and economic conditions, and investor confidence.

As with all funds, at any given time your shares may be worth more or less than the price you paid for them. As a result, it is possible to lose money by investing in the fund.

If the market does not consider the individual stocks purchased by the fund to be undervalued, the value of the fund's shares may not rise as high as other funds and may in fact decline, even if stock prices generally are increasing.

Market performance tends to be cyclical, and, in the various cycles, certain investment styles may fall in and out of favor. If the market is not favoring the fund's style, the fund's gains may not be as big as, or its losses may be bigger than, other equity funds using different investment styles.

Although the fund managers intend to invest the fund's assets primarily in U.S. stocks, the funds may invest in securities of foreign companies. Foreign investment involves additional risks, including fluctuations in currency exchange rates, less stable political and economical structures, reduced availability of public information, and lack of uniform financial reporting and regulatory practices similar to those that apply in the United States. These factors make investing in foreign securities generally riskier than investing in U.S. stocks.

The fund is offered only to insurance companies for the purpose of offering the fund as an investment option under variable annuity or variable life insurance contracts. Although the fund does not foresee any disadvantages to contract owners due to the fact that it offers its shares as an investment medium for both variable annuity and variable life products, the interests of various contract owners participating in the fund might, at some time, be in conflict due to future differences in tax treatment of variable products or other considerations. Consequently, the fund's Board of Directors will monitor events in order to identify any material irreconcilable conflicts that may possibly arise and to determine what action, if any, should be taken in response to such conflicts. If a conflict were to occur, an insurance company separate account might be required to withdraw its investments in the fund, and the fund might be forced to sell securities at disadvantageous prices to redeem such investments.

# Management

## Who manages the fund?

The Board of Directors, investment advisor and fund management team play key roles in the management of the fund.

## The Board of Directors

The Board of Directors oversees the management of the fund and meets at least quarterly to review reports about fund operations. Although the Board of Directors does not manage the fund, it has hired an investment advisor to do so. More than two-thirds of the directors are independent of the fund's advisor; that is, they are not employed by and have no financial interest in the advisor.

## The Investment Advisor

The fund's investment advisor is American Century Investment Management, Inc. The advisor has been managing mutual funds since 1958 and is headquartered at 4500 Main Street, Kansas City, Missouri 64111.

The advisor is responsible for managing the investment portfolios of the fund and directing the purchase and sale of its investment securities. The advisor also arranges for transfer agency, custody and all other services necessary for the fund to operate.

For the services it provided to the fund during the most recent fiscal year, the advisor received a unified management fee of 1.00% of the average net assets of the fund. The amount of the management fee is calculated daily and paid monthly in arrears.

Out of that fee, the advisor paid all expenses of managing and operating the fund except brokerage expenses, taxes, interest, fees and expenses of the independent directors (including legal counsel fees), and extraordinary expenses. A portion of the management fee may be paid by the fund's advisor to unaffiliated third parties who provide record-keeping and administrative services that would otherwise be performed by an affiliate of the advisor.

## The Fund Management Team

The advisor uses a team of portfolio managers, assistant portfolio managers and analysts to manage the fund. The team meets regularly to review portfolio holdings and discuss purchase and sale activity. Team members buy and sell securities for the fund as they see fit, guided by the fund's investment objective and strategy.

The portfolio managers on the investment team are identified below:

### Phillip N. Davidson

Mr. Davidson, Senior Vice President and Senior Portfolio Manager, has been a member of the team that manages VP Value since May 1996. He joined American Century in September 1993 as a Portfolio Manager. Prior to joining American Century, he spent 11 years at Boatmen's Trust Company in St. Louis and served as Vice President and Portfolio Manager responsible for institutional value equity clients. He has a bachelor's degree in finance and an MBA from Illinois State University. He is a Chartered Financial Analyst.

### Scott A. Moore

Mr. Moore, Vice President and Portfolio Manager, has been a member of the team that manages VP Value since October 1996 and Portfolio Manager since February 1999. He joined American Century in August 1993 as an Investment Analyst. He has a bachelor's degree in finance from Southern Illinois University and an MBA in finance from the University of Missouri-Columbia. He is a Chartered Financial Analyst.

## Fund Performance

VP Value has the same management team and investment policies as another fund in the American Century family of funds. The fees and expenses of the funds are expected to be similar, and they will be managed with substantially the same investment objective and strategies. Notwithstanding these general similarities, this fund and the retail fund are separate mutual funds that will have different investment performance. Differences in cash flows into the two funds, the size of their portfolios and specific investments held by the two funds, as well as the additional expenses of the insurance product, will cause performance to differ.

Please consult the separate account prospectus for a description of the insurance product through which the fund is offered and its associated fees.

## Fundamental Investment Policies

Fundamental investment policies contained in the Statement of Additional Information and the investment objective of the fund may not be changed without shareholder approval. The Board of Directors may change any other policies and investment strategies.

### Code of Ethics

*American Century has a Code of Ethics designed to ensure that the interests of fund shareholders come before the interests of the people who manage the fund. Among other provisions, the Code of Ethics prohibits portfolio managers and other investment personnel from buying securities in an initial public offering or profiting from the purchase and sale of the same security within 60 calendar days. In addition, the Code of Ethics requires portfolio managers and other employees with access to information about the purchase or sale of securities by the fund to obtain approval before executing permitted personal trades.*

# Share Price, Distributions and Taxes

## Purchase and Redemption of Shares

For instructions on how to purchase and redeem shares, read the prospectus of your insurance company separate account. Your order will be priced at the net asset value next determined after your request is received in the form required by the insurance company separate account. There are no sales commissions or redemption charges. However, certain sales or deferred sales charges and other charges may apply to the variable annuity or life insurance contracts. Those charges are disclosed in the separate account prospectus.

## Abusive Trading Practices

We do not permit market timing or other abusive trading practices in our funds.

Excessive, short-term (market timing) or other abusive trading practices may disrupt portfolio management strategies and harm fund performance. To minimize harm to the fund and its shareholders, we reserve the right to reject any purchase order (including exchanges) from any investor we believe has a history of abusive trading or whose trading, in our judgment, has been or may be disruptive to a fund. In making this judgment, we may consider trading done in multiple accounts under common ownership or control. We also reserve the right to delay delivery of redemption proceeds up to seven days.

## Modifying or Canceling an Investment

Investment instructions are irrevocable. That means that once you have mailed or otherwise transmitted your investment instruction, you may not modify or cancel it. The fund reserves the right to suspend the offering of shares for a period of time, and to reject any specific investment (including a purchase by exchange). Additionally, we may refuse a purchase if, in our judgment, it is of a size that would disrupt the management of a fund.

## Share Price

American Century determines the net asset value (NAV) of the fund as of the close of regular trading on the New York Stock Exchange (usually 4 p.m. Eastern time) on each day the Exchange is open. On days when the Exchange is closed (including certain U.S. holidays), we do not calculate the NAV. A fund share's NAV is the current value of the fund's assets, minus any liabilities, divided by the number of fund shares outstanding.

If current market prices of securities owned by a fund are not readily available, the advisor may determine their fair value in accordance with procedures adopted by the fund's Board. Trading of securities in foreign markets may not take place every day the Exchange is open. Also, trading in some foreign markets and on some electronic trading networks may take place on weekends or holidays when a fund's NAV is not calculated. So, the value of a fund's portfolio may be affected on days when you can't purchase or redeem shares of the fund.

We will price your purchase, exchange or redemption at the NAV next determined after the insurance company separate account receives your transaction request in good order.

*Capital gains are increases in the values of capital assets, such as stock, from the time the assets are purchased.*

## Distributions

Federal tax laws require the fund to make distributions to its shareholders in order to qualify as a “regulated investment company.” Qualification as a regulated investment company means the fund will not be subject to state or federal income tax on amounts distributed. The distributions generally consist of dividends and interest received by a fund, as well as *capital gains* realized by a fund on the sale of its investment securities. The fund generally pays distributions from net income and capital gains, if any, once a year in March. The fund may make more frequent distributions, if necessary, to comply with Internal Revenue Code provisions.

You will participate in fund distributions when they are declared, starting the next business day after your purchase is effective. For example, if you purchase shares on a day a distribution is declared, you will not receive that distribution. If you redeem shares, you will receive any distribution declared on the day you redeem. If you redeem all shares, we will include any distributions received with your redemption proceeds. All distributions from the fund will be invested in additional shares.

Provided that all shareholders agree, the fund may utilize the consent dividend provision of Internal Revenue Code section 565 which treats the income earned by the fund as distributed to the shareholders as of the end of the taxable year.

## Taxes

Consult the prospectus of your insurance company separate account for a discussion of the tax status of your variable contract.

# Financial Highlights

## Understanding the Financial Highlights

The table on the next page itemizes what contributed to the changes in share price during the most recently ended fiscal year. It also shows the changes in share price for this period in comparison to changes over the last five fiscal years or less, if the fund is not five years old.

On a per-share basis, the table includes as appropriate

- share price at the beginning of the period
- investment income and capital gains or losses
- distributions of income and capital gains paid to investors
- share price at the end of the period

The table also includes some key statistics for the period as appropriate

- **Total Return** – the overall percentage of return of the fund, assuming the reinvestment of all distributions
- **Expense Ratio** – the operating expenses of the fund as a percentage of average net assets
- **Net Income Ratio** – the net investment income of the fund as a percentage of average net assets
- **Portfolio Turnover** – the percentage of the fund's buying and selling activity

The Financial Highlights have been audited by Deloitte & Touche LLP, independent auditors. Their Independent Auditors' Report and the financial statements are included in the fund's Annual Report, which is available upon request.

# VP Value Fund

*For a Share Outstanding Throughout the Years Ended December 31 (except as noted)*

## Per-Share Data

	2000	1999	1998	1997	1996 <sup>(1)</sup>
Net Asset Value, Beginning of Period	\$5.95	\$6.73	\$6.93	\$5.58	\$5.00
Income From Investment Operations					
Net Investment Income	0.08	0.08	0.08 <sup>(2)</sup>	0.07	0.05
Net Realized and Unrealized Gain (Loss) on Investment Transactions	0.90	(0.15)	0.27	1.37	0.56
Total From Investment Operations	0.98	(0.07)	0.35	1.44	0.61
Distributions					
From Net Investment Income	(0.07)	(0.07)	(0.04)	(0.04)	(0.03)
From Net Realized Gains on Investment Transactions	—	(0.57)	(0.51)	(0.05)	—
In excess of Net Realized Gains on Investment Transactions	(0.19)	(0.07)	—	—	—
Total Distributions	(0.26)	(0.71)	(0.55)	(0.09)	(0.03)
Net Asset Value, End of Period	\$6.67	\$5.95	\$6.73	\$6.93	\$5.58
<b>Total Return<sup>(3)</sup></b>	<b>18.14%</b>	<b>(0.85)%</b>	<b>4.81%</b>	<b>26.08%</b>	<b>12.28%</b>

## Ratios/Supplemental Data

	2000	1999	1998	1997	1996 <sup>(1)</sup>
Ratio of Operating Expenses to Average Net Assets	1.00%	1.00%	1.00%	1.00%	1.00% <sup>(4)</sup>
Ratio of Net Investment Income to Average Net Assets	1.81%	1.40%	1.21%	1.60%	1.98% <sup>(4)</sup>
Portfolio Turnover Rate	159%	118%	158%	138%	49%
Net Assets, End of Period (in thousands)	\$672,214	\$416,166	\$316,624	\$188,015	\$23,894

<sup>(1)</sup> May 1, 1996 (inception) through December 31, 1996.

<sup>(2)</sup> Computed using average shares outstanding throughout the year.

<sup>(3)</sup> Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.

<sup>(4)</sup> Annualized.

# Notes

## More information about the fund is contained in these documents.

### Annual and Semiannual Reports

Annual and semiannual reports contain more information about the fund's investments and the market conditions and investment strategies that significantly affected the fund's performance during the most recent fiscal period.

### Statement of Additional Information (SAI)

The SAI contains a more detailed, legal description of the fund's operations, investment restrictions, policies and practices. The SAI is incorporated by reference into this Prospectus. This means that it is legally part of this Prospectus, even if you don't request a copy.

You may obtain a free copy of the SAI or annual and semiannual reports, and ask questions about the fund or your

accounts, by contacting the insurance company from which you purchased the fund or American Century at the address or telephone numbers listed below.

You also can get information about the fund (including the SAI) from the Securities and Exchange Commission (SEC). The SEC charges a duplicating fee to provide copies of this information.

#### *In person*

SEC Public Reference Room  
Washington, D.C.  
Call 202-942-8090 for location and hours.

#### *On the Internet*

- EDGAR database at [www.sec.gov](http://www.sec.gov)
- By email request at [publicinfo@sec.gov](mailto:publicinfo@sec.gov)

#### *By mail*

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