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FORM 485BPOS

Post-effective amendments [Rule 485(b)]

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FILER

**AGL SEPARATE ACCOUNT VL-R**

CIK: **1051485** | IRS No.: **250598210** | State of Incorp.: **TX** | Fiscal Year End: **1231**  
Type: **485BPOS** | Act: **33** | File No.: **333-80191** | Film No.: **05788792**

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CIK: **1051485** | IRS No.: **250598210** | State of Incorp.: **TX** | Fiscal Year End: **1231**  
Type: **485BPOS** | Act: **40** | File No.: **811-08561** | Film No.: **05788793**

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As filed With the Securities and Exchange Commission on May 2, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-6

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 [X]

Pre-effective Amendment No. [ ]

Post-Effective Amendment No. [8]

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 [X]

Amendment No. [44]

AMERICAN GENERAL LIFE INSURANCE COMPANY SEPARATE ACCOUNT VL-R  
(Exact Name of Registrant)

AMERICAN GENERAL LIFE INSURANCE COMPANY  
(Name of Depositor)

2727-A Allen Parkway  
Houston, Texas 77019-2191  
(Address of Depositor's Principal Executive Offices) (Zip Code)

Depositor's Telephone Number, including Area Code (713) 831-8470

Lauren W. Jones, Esq.  
Deputy General Counsel  
American General Life Companies, LLC  
2929 Allen Parkway  
Houston, Texas 77019-2191  
(Name and Address of Agent for Service)

Approximate Date of Proposed Public Offering: Continuous.

It is proposed that this filing will become effective (check appropriate box)

- [ ] immediately upon filing pursuant to paragraph (b)  
[X] on May 2, 2005 pursuant to paragraph (b)  
[ ] 60 days after filing pursuant to paragraph (a)(1)  
[ ] on (date) pursuant to paragraph (a)(1) of Rule 485.

If appropriate, check the following box:

- [ ] This post-effective amendment designates a new effective date for a previously filed post-effective amendment.

CORPORATE AMERICA

FLEXIBLE PREMIUM VARIABLE LIFE INSURANCE POLICIES (the "Policies") issued by American General Life Insurance Company ("AGL") through its Separate Account VL-R

This Prospectus is dated  
May 2, 2005

This prospectus describes Corporate America flexible premium life insurance Policies issued by AGL. If there are any differences between this prospectus and your Policy, the provisions of your Policy will control. Corporate America Policies provide life insurance coverage with flexibility in death benefits, premium payments and investment options. During the lifetime of the insured person you may designate or change the beneficiary to whom Corporate America pays the death benefit upon the insured person's death. You choose one of two death benefit options.

For information on how to contact AGL, please see "Contact Information" on page 5.

The Index of Special Words and Phrases on page 48 will refer you to pages that contain more about many of the words and phrases that we use. All of the words and phrases listed in the Index will be underlined and written in bold the first time they appear in this prospectus.

This Policy is available to individuals, corporations, and other organizations. This Policy may be sold under certain arrangements that include those in which a trustee or an employer, for example, purchases policies covering a certain class of individuals. Other arrangements include those in which an employer allows us to sell the Policy to its employees or retirees on an individual basis.

This prospectus generally describes only the variable portions of the Policy, except where the declared fixed interest account is specifically mentioned. Please read this prospectus carefully and keep it for future reference.

The AGL declared fixed interest account ("declared fixed interest account") is the fixed investment option for these Policies. You can also use AGL's Separate Account VL-R ("Separate Account") to invest in the Corporate America investment options. Currently, the Corporate America variable investment options each purchase shares of a corresponding Fund of:

- .. AIM Variable Insurance Funds ("AIM V.I.")
- .. The Alger American Fund ("Alger American")
- .. American Century Variable Portfolios, Inc. ("American Century VP")
- .. Dreyfus Variable Investment Fund ("Dreyfus VIF")
- .. Fidelity(R) Variable Insurance Products ("Fidelity(R)VIP")
- .. Franklin Templeton Variable Insurance Products Trust ("Franklin Templeton VIP")
- .. Janus Aspen Series ("Janus Aspen")
- .. MFS(R) Variable Insurance TrustSM ("MFS(R) VIT")
- .. Neuberger Berman Advisers Management Trust ("Neuberger Berman AMT")
- .. Oppenheimer Variable Account Funds ("Oppenheimer")
- .. PIMCO Variable Insurance Trust ("PIMCO VIT")
- .. Putnam Variable Trust ("Putnam VT")
- .. VALIC Company I ("VALIC Co. I")
- .. Vanguard(R) Variable Insurance Fund ("Vanguard VIF")

See "Variable Investment Options" on page 17 for a complete list of the variable investment options and their respective advisers and sub-advisers of the corresponding Funds. You should also read the prospectuses of the Funds underlying the variable investment options that may interest you. You can request free copies from your AGL representative or from our Administrative Center shown under "Contact Information" on page 5.

There is no guaranteed cash surrender value for amounts allocated to the variable investment options.

If the cash surrender value (the accumulation value reduced by any loan balance) is insufficient to cover the charges due under the Policy, the Policy may terminate without value.

Buying this Policy might not be a good way of replacing your existing insurance or adding more insurance if you already own a flexible premium variable life insurance policy. You may wish to consult with your insurance representative or financial adviser.

Neither the Securities and Exchange Commission ("SEC") nor any state securities commission has approved or disapproved these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The Policies are not insured by the FDIC, The Federal Reserve Board or any similar agency. They are not a deposit or other obligation of, nor are they guaranteed or endorsed by, any bank or depository institution. An investment in a variable life insurance policy is subject to investment risks, including possible loss of principal invested.

The Policies are not available in all states. This prospectus does not offer the Policies in any jurisdiction where they cannot be lawfully sold. You should rely only on the information contained in this prospectus, or on sales materials we have approved or that we have referred you to. We have not authorized anyone to provide you with information that is different.

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CONTACT INFORMATION  
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Addresses and telephone numbers: Here is how you can contact us about the Corporate America Policies.

| <TABLE><br><CAPTION>              | ADMINISTRATIVE CENTER:<br>----- | HOME OFFICE:<br>-----     | PREMIUM PAYMENTS:<br>-----  |
|-----------------------------------|---------------------------------|---------------------------|-----------------------------|
| <S>                               | <C>                             | <C>                       | <C>                         |
| (Express Delivery)                | (U.S. Mail)                     | 2727-A Allen Parkway      | (Express Delivery)          |
| VUL Administration                | VUL Administration              | Houston, Texas 77019-2191 | Payment Processing Center   |
| 2727-A Allen Parkway              | P. O. Box 4880                  | 1-713-831-3443            | #1 Franklin Square          |
| Houston, Texas 77019-2191         | Houston, Texas                  | 1-800-340-2765            | Springfield, IL 62713-0001  |
| 1-713-831-3443, 1-800-340-2765    | 77210-4880                      |                           | (U.S. Mail)                 |
| (Hearing Impaired) 1-888-436-5258 |                                 |                           | Payment Processing Center   |
| Fax: 1-713-620-6653               |                                 |                           | P.O. Box 0842               |
| (Except premium payments)         |                                 |                           | Carol Stream, IL 60132-0842 |

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ELECTRONIC SERVICES  
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Now, with E-DELIVERY you can electronically receive certain documents we currently mail, including annual Policy and Fund prospectuses. You can choose E-mail or CD ROM. You can also choose E-SERVICE capabilities to access on-line services for your Policy, such as transferring values among investment options and changing allocations for future premiums. You may select or cancel E-DELIVERY and E-SERVICE at any time. For more information and certain restrictions, see page 16 of this prospectus. To request E-DELIVERY or E-SERVICE, take the following action:

- . For E-DELIVERY, enroll at the time you complete your Policy application, or go to [www.aigag.com](http://www.aigag.com) and enroll for E-Delivery at the same time you enroll for E-Service.
- . For E-SERVICE, go to [www.aigag.com](http://www.aigag.com) and enroll by completing the information on the introductory page under "Not an E-Service Member?"

POLICY BENEFITS/RISKS SUMMARY

This summary describes the Policy's important benefits and risks. The sections in this prospectus following this summary discuss the Policy's benefits and other provisions in more detail.

POLICY BENEFITS

During the insured person's lifetime, you may, within limits, (1) change the amount of insurance, (2) borrow or withdraw amounts you have invested, (3) choose when and how much you invest, (4) choose whether your accumulation value under your Policy, upon the insured person's death, will be added to the insurance proceeds we otherwise will pay to the beneficiary, and (5) add or delete certain other optional benefits that we make available by rider to your Policy. At the time of purchase, you can decide whether your Policy will be subject to certain tax rules that maximize the cash value or rules that maximize the insurance coverage.

You may currently allocate your accumulation value among the 32 variable investment options available under the Policy, each of which invests in an underlying Fund (each available portfolio is referred to in this prospectus as a "Fund," and collectively, the "Funds"), and the declared fixed interest account,

which credits a specified rate of interest.

Any Policy owner whose accumulation value as of December 10, 2004 was invested in whole or in part in the investment option funded by the Pioneer Growth Opportunities VCT Portfolio - Class I shares (formerly Safeco RST Growth Opportunities Portfolio) may continue to use that certain investment option for any purpose allowed under the Policy.

Your accumulation value will vary based on the investment performance of the variable investment options you choose and interest credited in the declared fixed interest account.

#### Death Benefit

- .. Death Benefit Proceeds: We pay the death benefit proceeds (reduced by any outstanding Policy loans and increased by any unearned loan interest we may have already charged). In your application to buy a Corporate America Policy, you tell us how much life insurance coverage you want. We call this the "specified amount" of insurance. We also provide a guarantee of a death benefit equal to the specified amount (less any indebtedness) and any applicable benefit riders for a specific period. This guarantee is not applicable if your Policy has lapsed.
- .. Death Benefit Option 1 and Option 2: You must choose one of the two Options at the time we issue your Policy.
  - . Death Benefit Option 1 is the specified amount on the date of the insured person's death.
  - . Death Benefit Option 2 is the sum of (a) the specified amount on the date of the insured person's death and (b) the Policy's accumulation value as of the date of notification of the insured person's death.

Federal tax law may require us to increase payment under any of the above death benefit Options. See "Required minimum death benefit" on page 21.

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#### Full Surrenders, Partial Surrenders, Transfers, and Policy Loans

- .. Full Surrenders: At any time while the Policy is in force, you may surrender your Policy in full without charge. If you do, we will pay you the accumulation value, less any Policy loans, plus any unearned loan interest. We call this amount your "cash surrender value." You cannot reinstate a surrendered Policy. A full surrender may have adverse tax consequences.
- .. Partial Surrenders: You may, at any time after the first Policy year, make a partial surrender of your Policy's cash surrender value. A partial surrender must be at least \$500. A partial surrender may have adverse tax consequences.
- .. Transfers: Within certain limits, you may make transfers among the variable investment options and the declared fixed interest account. You may make up to twelve transfers of accumulation value among the variable investment options in each Policy year without charge. We will assess a \$25 charge for each transfer after the 12th transfer in a Policy year. There are special limits on transfers involving the declared fixed interest account.
- .. Loans: You may at any time borrow from us an amount up to your Policy's cash surrender value less the interest that will be payable on any existing Policy loans to your next Policy anniversary. The minimum amount you can borrow is \$500 or, if less, your Policy's cash surrender value less the loan interest payable to your next Policy anniversary. These rules are not applicable in all states. Loans may have adverse tax consequences.

We remove from your investment options an amount equal to your loan and hold that amount as collateral for the loan. We will credit your Policy with interest on this collateral amount at a guaranteed annual effective rate of 4% (rather than any amount you could otherwise earn in one of our investment options). We charge you interest on your loan at an annual effective rate of 4.75% for the first seven years payable in arrears and 4.25% thereafter payable in arrears. Any amount not paid by its due date will automatically be added to the loan balance as an additional loan.

#### Premiums

- .. Flexibility of Premiums: The amount we require as your initial premium varies depending on the specifics of your Policy and the insured person. We can refuse to accept a subsequent premium payment that is less than \$300. If mandated under applicable law, we may be required to reject a premium

payment. Otherwise, with a few exceptions mentioned below, you can make premium payments at any time and in any amount. You can pay premiums by check or money order drawn on a U.S. bank in U.S. dollars and made payable to "American General Life Insurance Company," or "AGL." Premium payments after the initial premium payment must be sent directly to the address for premium payments shown on page 5. We also accept premium payments by wire or by exchange from another insurance company. Under certain circumstances, we may limit the amount of a premium payment or reject a premium payment.

- .. Free Look: When you receive your Policy, the free look period begins. You may return your Policy during this period and receive a refund. We will refund the greater of (i) any premium payments received by us or (ii) your accumulation value plus any charges that have been

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deducted prior to allocation to your specified investment options. The free look period generally expires 10 days after you receive the Policy.

#### The Policy

- .. Ownership Rights: While the insured person is living, you, as the owner of the Policy, may exercise all of the rights and options described in the Policy. These rights include selecting and changing the beneficiary, changing the owner, and assigning the Policy. You also have other choices during the insured person's lifetime. You may, within limits, (1) change the amount of insurance, (2) borrow or withdraw amounts you have invested, (3) choose, when and how much you invest, and (4) choose whether your accumulation value under your Policy, upon the insured person's death, will be added to the insurance proceeds we otherwise will pay to the beneficiary.
- .. Separate Account: You may direct the money in your Policy to any of the variable investment options of the Separate Account. Each variable investment option invests exclusively in one of the Funds listed in this prospectus.
- .. Declared Fixed Interest Account: We apply your net premiums to your Policy. You may invest your premiums in our declared fixed interest account or in one or more of the variable investment options, or both. The value of your investment in a variable investment option depends on the investment results of the related Fund. We do not guarantee any minimum cash value for amounts allocated to the variable investment options. If the Fund investments go down, the value of a Policy can decline. The value of our declared fixed interest account will depend on the interest rates that we declare.
- .. Accumulation Value: Your accumulation value is the sum of your amounts in the variable investment options and the declared fixed interest account. Accumulation value varies from day to day, depending on the investment performance of the variable investment options you choose, interest we credit to the declared fixed interest account, charges we deduct, and any other transactions (e.g., transfers, partial surrenders and loans).
- .. Payment Options: There are several ways of receiving proceeds under the death benefit, surrender, and maturity provisions of the Policy, other than in a lump sum. More detailed information concerning these payment options is available on request from our Administrative Center shown under "Contact Information" on page 5.
- .. Tax Benefits: The Policy is designed to afford the tax treatment normally accorded life insurance Policies under federal tax law. Generally, under federal tax law, the death benefit under a qualifying life insurance policy is excludable from the gross income of the beneficiary until there is a distribution. This means that under a qualifying life insurance policy, cash value builds up on a tax deferred basis and transfers of cash value among the available investment options under the policy may be made tax free. Under a qualifying life insurance policy that is not a modified endowment contract, the proceeds from policy loans would not be taxed.

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#### Supplemental Benefits and Riders

We offer several riders that provide supplemental benefits under the Policy, such as the Flexible Term Rider, which provides a death benefit coverage in addition to the base Policy death benefit. For most of the riders that you

choose, a charge, which is shown on page 3 of your Policy, will be deducted from your accumulation value on each monthly deduction date. Eligibility for and changes in these benefits are subject to our rules and procedures as in effect from time to time. Not all riders are available in all states.

#### POLICY RISKS

##### Investment Risk

The Policy is not suitable as a short-term investment. We designed the Policy to meet long-term financial goals. In the Policy's early years, if the total charges exceed total premiums paid or if your investment choices perform poorly, your Policy may not have any cash surrender value. If you take multiple partial surrenders, your accumulation value may not cover required charges and your Policy would lapse.

If you invest your accumulation value in one or more variable investment options, then you will be subject to the risk that investment performance will be unfavorable. You will also be subject to the risk that the accumulation value will decrease because of the unfavorable performance and the resulting higher insurance charges. You could lose everything you invest. You will also be subject to the risk that the investment performance of the variable investment options you choose may be less favorable than that of other variable investment options, and in order to keep the Policy in force may be required to pay more premiums than originally planned. We do not guarantee a minimum accumulation value.

If you allocate net premiums to the declared fixed interest account, then we credit your accumulation value (in the declared fixed interest account) with a declared rate of interest, but you assume the risk that the rate may decrease, although it will never be lower than a guaranteed minimum annual effective rate of 4%.

##### Risk of Lapse

If your cash surrender value is not enough to pay the charges deducted against accumulation value each month, your Policy may enter a 61-day grace period. We will notify you that the Policy will lapse (terminate without value) at the end of the grace period unless you make a sufficient payment. Your Policy may also lapse if outstanding Policy loans plus any accrued interest payable exceeds the accumulation value.

##### Tax Risks

We anticipate that the Policy should generally be deemed a life insurance Policy under Federal tax law. However, due to limited guidance under the Federal tax law, there is some uncertainty about the application of the Federal tax law to the Policy, particularly if you pay the full amount of premiums permitted under the Policy. Please consult a tax adviser about these consequences.

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Depending on the total amount of premiums you pay, the Policy may be treated as a modified endowment contract ("MEC") under Federal tax laws. If a Policy is treated as a MEC, then surrenders, partial surrenders, and loans under the Policy will be taxable as ordinary income to the extent there are earnings in the Policy. In addition, a 10% penalty tax may be imposed on surrenders, partial surrenders, and loans taken before you reach age 59 1/2.

See "Federal Tax Considerations" on page 40. You should consult a qualified tax adviser for assistance in all Policy-related tax matters.

##### Partial Surrender and Full Surrender Risks

It is possible that you will receive no cash surrender value if you surrender your Policy in the first few Policy years. You should purchase the Policy only if you have the financial ability to keep it in force for a substantial period of time. You should not purchase the Policy if you intend to surrender all or part of the accumulation value in the near future. Any outstanding loan balance reduces the amount available to you upon partial or full surrender.

A partial surrender or full surrender may have adverse tax consequences.

##### Policy Loan Risks

A Policy loan, whether or not repaid, will affect accumulation value over time because we subtract the amount of the loan from the variable investment options and/or declared fixed interest account as collateral, and this loan collateral does not participate in the investment performance of the variable investment options or receive any excess interest credited to the declared fixed

interest account.

We reduce the amount we pay on the insured person's death by the amount of any Policy loan and your Policy may lapse (terminate without value) if outstanding Policy loans plus any accrued interest payable reduce the cash surrender value to zero.

If you surrender the Policy or allow it to lapse while a Policy loan is outstanding, the amount of the loan, to the extent it has not previously been taxed, is treated as a distribution from the Policy and may be subject to federal income taxation.

#### PORTFOLIO RISKS

A discussion of the risks of each Fund may be found in each Fund's prospectus. Please refer to the Funds' prospectuses for more information. You may request a copy of any or all of the Fund prospectuses by contacting your AGL representative or the Administrative Center shown under "Contact Information" on page 5.

There is no assurance that any of the Funds will achieve its stated investment objective.

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#### TABLES OF CHARGES

The following tables describe the fees and expenses that are payable, when buying, owning and surrendering a Policy. We reserve the right to increase the charges to the maximum amounts on Policies issued in the future. No Policy owner will be charged more than the amount we show under "Maximum Guaranteed Charge" columns.

The first table describes the fees and expenses that you will pay at the time that you buy the Policy, withdraw money from the Policy, or transfer amounts between investment options.

<TABLE>  
<CAPTION>

| Transaction Fees                                  |   |  |  |
|---|---|--|--|
| Charge  | When Charge is Deducted   | Maximum Guaranteed Charge  | Current Charge   |
| <S><br>Premium Expense Charge/1/                  | <C><br>Upon receipt of each premium payment/1/                                | <C><br>9% of the amount of each premium payment, up to the target premium and 5% of any premium amounts in excess of the target premium/2/ | <C><br>9% of the amount of each premium payment, up to the target premium and 5% of any premium amounts in excess of the target premium/2/ |
| Partial Surrender Processing Fee                  | Upon a partial surrender of your Policy                                       | The lesser of \$25 or 2% of the partial surrender  | \$10   |
| Transfer Fee                                      | Upon a transfer of accumulation value   | \$25 for each transfer/3/  | \$25 for each transfer/3/  |
| Policy Loan Interest Charge - Policy Years 1-7/4/ | Annually (on your Policy anniversary)   | 4.75% of the loan balance/4/   | 4.75% of the loan balance/4/   |
| Policy Owner Additional Illustration Charge       | Upon each request for a Policy illustration after the first in a Policy year. | \$25   | \$0  |

</TABLE>

/1/ The charge shown is for the first 7 Policy years; beginning in Policy year eight, the maximum Premium Expense Charge is 5% of the remainder of each premium payment, and the current Premium Expense Charge is 5% of the remainder of each premium payment.

/2/ The target premium is an amount of level annual premium that would be necessary to support the benefits under your Policy, based on the age, sex and premium class of the insured person, the initial Specified Amount of Your Policy and the types and amounts of any additional benefits included in the Policy.

/3/ The first 12 transfers in a Policy year are free of charge.

/4/ After Policy Year 7, the Policy Loan Interest Charge will be 4.25% of the loan balance.

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

<TABLE>  
<CAPTION>

| Periodic Charges<br>(other than Fund fees and expenses)  |   |   |  |
|--|---|---|--|
| Charge   | When Charge is Deducted                               | Maximum Guaranteed Charge   | Current Charge   |
| <S><br>Flat Monthly Charge   | <C><br>Monthly, at the beginning of each Policy month | <C><br>\$10   | <C><br>\$7   |
| Cost of Insurance Charge/1/<br>Maximum Charge - for a 99 year old male, standard tobacco with a Specified Amount of \$50,000 | Monthly, at the beginning of each Policy month        | \$83.33 per \$1,000 of net amount at risk/2/ attributable to the Policy | \$20.15 per \$1,000 of net amount at risk attributable to the Policy |
| Minimum Charge - for a 26 year old female, preferred non-tobacco with a Specified Amount of \$50,000                         | Monthly, at the beginning of each Policy month        | \$0.10 per \$1,000 of net amount at risk attributable to the Policy     | \$0.02 per \$1,000 of net amount at risk attributable to the Policy  |
| Example Charge - for a 50 year old male, preferred non-tobacco with a Specified Amount of \$50,000                           | Monthly, at the beginning of each Policy month        | \$0.56 per \$1,000 of net amount at risk attributable to the Policy     | \$0.09 per \$1,000 of net amount at risk attributable to the Policy  |
| Daily Charge (mortality and expense risk fee)<br>Policy years 1-10/3, 4/   | Daily   | annual effective rate of 0.65%/3/                                       | annual effective rate of 0.65%/3/                                    |

</TABLE>

/1/ The Cost of Insurance Charge will vary based on the insured person's sex, age, premium class, Policy year and Specified Amount. The Cost of Insurance Charges shown in the table may not be typical of the charges you will pay. Page 3 of your Policy will indicate the guaranteed Cost of Insurance Charge applicable to your Policy. More detailed information concerning your Cost of Insurance Charge is available on request from our Administrative Center, shown under "Contact Information" on page 5 of this prospectus, or your AGL representative. Also, before you purchase the Policy, we will provide you hypothetical illustrations of Policy values based upon the insured person's age and premium class, the death benefit option, Specified Amount, planned periodic premiums, and riders requested.

/2/ The net amount at risk is the difference between the current death benefit under your Policy and your accumulation value under the Policy.

/3/ After the 10th Policy year, the daily charge will be as follows:  
 Policy years 11-20.....annual effective rate of 0.40%  
 Policy years 21+.....annual effective rate of 0.15%  
 (guaranteed) and 0.10% (current)  
 These reductions in the amount of the daily charge are guaranteed.

/4/ All percentages are calculated as a percent of accumulation value invested in the variable investment options.

The next table describes the fees and expenses that you will pay periodically, if you choose an optional benefit rider during the time that you own the Policy.

<TABLE>  
<CAPTION>

Periodic Charges  
(optional benefit riders only)

| Optional Benefit Rider Charges   | When Charge is Deducted   | Maximum Guaranteed Charge  | Current Charge   |
|--|---|--|--|
| <S>  | <C>   | <C>  | <C>  |
| Flexible Term Rider<br>Maximum Charge - for a 99 year old male, standard tobacco with a Specified Amount of \$50,000 | Monthly, at the beginning of each Policy month  | \$83.33 per \$1,000 of net amount at risk attributable to the Policy | \$20.15 per \$1,000 of net amount at risk attributable to the Policy |
| Minimum Charge - for a 26 year old female, preferred non-tobacco with a Specified Amount of \$50,000                 | Monthly, at the beginning of each Policy month  | \$0.10 per \$1,000 of net amount at risk attributable to the Policy  | \$0.02 per \$1,000 of net amount at risk attributable to the Policy  |
| Example Charge - for a 50 year old male, preferred non-tobacco with a Specified Amount of \$500,000                  | Monthly, at the beginning of each Policy month  | \$0.56 per \$1,000 of net amount at risk attributable to the Policy  | \$0.09 per \$1,000 of net amount at risk attributable to the Policy  |
| Maturity Extension Accumulation Value Version  | Monthly, at the beginning of the Policy month which follows your original maturity date | \$10   | \$0  |
| Return of Premium  |   |  |  |
| Maximum Charge - for a 99 year old male, standard tobacco with a Specified Amount of \$50,000                        | Monthly, at the beginning of each Policy month  | \$83.33 per \$1,000 of net amount at risk attributable to the Policy | \$20.15 per \$1,000 of net amount at risk attributable to the Policy |
| Minimum Charge - for a 26 year old female, preferred non-tobacco with a Specified Amount of \$50,000                 | Monthly, at the beginning of each Policy month  | \$0.10 per \$1,000 of net amount at risk attributable to the Policy  | \$0.02 per \$1,000 of net amount at risk attributable to the Policy  |
| Example Charge - for a 50 year old male, preferred non-tobacco with a Specified Amount of \$500,000                  | Monthly, at the beginning of each Policy month  | \$0.56 per \$1,000 of net amount at risk attributable to the Policy  | \$0.09 per \$1,000 of net amount at risk attributable to the Policy  |

</TABLE>

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The next table describes the Fund fees and expenses that you will pay periodically during the time that you own the Policy. The table shows the maximum and minimum Total Annual Fund Operating Expenses before contractual waiver or reimbursement for any of the Funds for the fiscal year ended December 31, 2004. Current and future expenses for the Funds may be higher or lower than those shown.

<TABLE>  
<CAPTION>

Annual Fund Fees and Expenses  
(expenses that are deducted from the Fund assets)

| Charge   | Maximum                              | Minimum                              |
|--|--------------------------------------|--------------------------------------|
| <S>  | <C>                                  | <C>                                  |
| Total Annual Fund Operating Expenses for all of the Funds (expenses that are deducted from portfolio assets include management fees, distribution (12b-1) fees, and other expenses)/1/ | 1.26% of average daily account value | 0.24% of average daily account value |

</TABLE>

Details concerning each Fund's specific fees and expenses are contained in

the Funds' prospectuses.

-----  
/1/ Currently 8 of the Funds have contractual reimbursements or fee waivers. These reimbursements or waivers expire on April 30, 2006. The impact of contractual reimbursements or fee waivers is as follows:

<TABLE>  
<CAPTION>

| Charge  | Maximum                        | Minimum                              |
|---|--------------------------------|--------------------------------------|
| <S>   | <C>                            | <C>                                  |
| Total Annual Fund Operating Expenses for all of the Funds After Contractual Reimbursement or Fee Waiver | 1.26% of average daily account | 0.24% of average daily account value |

</TABLE>

GENERAL INFORMATION

American General Life Insurance Company

We are American General Life Insurance Company ("AGL"). AGL is a stock life insurance company organized under the laws of Texas. AGL's home office is 2727-A Allen Parkway, Houston, Texas 77019-2191. AGL is a successor in interest to a company originally organized under the laws of Delaware on January 10, 1917. AGL is an indirect, wholly-owned subsidiary of American International Group, Inc. ("AIG"). AIG, a Delaware corporation, is a holding company which through its subsidiaries is primarily engaged in a broad range of insurance and insurance-related activities and financial services in the United States and abroad. AIG American General is a marketing name for AGL and its affiliates. The commitments under the Policies are AGL's, and AIG has no legal obligation to back those commitments.

AGL is a member of the Insurance Marketplace Standards Association ("IMSA"). IMSA is a voluntary membership organization created by the life insurance industry to promote ethical market conduct for life insurance and annuity products. AGL's membership in IMSA applies only to AGL and not its products.

Separate Account VL-R

We hold the Fund shares in which any of your accumulation value is invested in Separate Account VL-R (the "Separate Account"). The Separate Account is registered as a unit investment trust with the SEC under the Investment Company Act of 1940. We created the Separate Account on May 6, 1997 under Texas law.

For record keeping and financial reporting purposes, the Separate Account is divided into 63 separate "divisions," 33 of which correspond to the 33 variable "investment options" currently available under the Policy. One of these 33 divisions is not available to all Policy owners. The remaining 30 divisions, and all of these 33 divisions, represent investment options available under other variable life policies we offer. We hold the Fund shares in which we invest your accumulation value for an investment option in the division that corresponds to that investment option. Income, gains and losses credited to, or charged against, the Separate Account reflect the Separate Account's own investment experience and not the investment experience of the Separate Account's other assets.

The assets in the Separate Account are our property. The assets in the Separate Account may not be used to pay any liabilities of AGL other than those arising from the Policies, and AGL is obligated to pay all amounts due the Policy owners under the Policies.

Additional Information

We have filed a Statement of Additional Information (the "SAI") with the SEC which includes more information about your Policy. The back cover page to this prospectus describes how you can obtain a copy of the SAI.

Communication with AGL

When we refer to "you," we mean the person who is authorized to take any action with respect to a Policy. Generally, this is the owner named in the Policy. Where a Policy has more than one owner, each owner generally must join in any requested action, except for transfers and changes in the allocation of future premiums or changes among the investment options.

Administrative Center. The Administrative Center provides service to all Policy owners. See "Contact Information" on page 5 of this prospectus. For applicants, your AGL representative will tell you if you should use an address other than the Administrative Center address. All premium payments, requests, directions and other communications should be directed to the appropriate location. You should mail or express premium payments and loan repayments directly to the appropriate address shown on your billing statement. If you do not receive a billing statement, send your premium directly to the address for premium payments shown under "Contact Information" on page 5. You should communicate notice of the insured person's death, including any related documentation, to our Administrative Center address.

E-Delivery, E-Service, telephone transactions and written transactions. There are several different ways to request and receive Policy services.

E-Delivery. If you purchased your Policy after June 30, 2004, instead of receiving paper copies by mail of certain documents we are required to provide to you, including annual Policy and Fund prospectuses, you may select E-Delivery. E-Delivery allows you to receive notification by E-mail when new or updated documents are available that pertain to your Policy. You may then follow the link contained within the E-mail to view these documents on-line. Alternatively, you may choose to receive these documents via CD ROM. You may find electronically received documents easier to review and retain than paper documents. To enroll for E-Delivery, you can complete certain information at the time of your Policy application (with one required extra signature). If you prefer, you can go to [www.aigag.com](http://www.aigag.com) and at the same time you enroll for E-Service, enroll for E-Delivery. You do not have to enroll for E-Service to enroll for E-Delivery unless you enroll on-line. You may select or cancel E-Delivery at any time. There is no charge for E-Delivery.

E-Service. If you purchased your Policy after June 30, 2004, you may enroll for E-Service to have access to on-line services for your Policy. These services include transferring values among investment options and changing allocations for future premiums. You can also view Policy statements. If you have elected E-Service, you may choose to handle certain Policy requests by E-Service, in writing or by telephone. We expect to expand the list of available E-Service transactions in the future. To enroll for E-Service, go to [www.aigag.com](http://www.aigag.com) and complete the information on the introductory page under "Not an E-Service Member?" You may select or cancel the use of E-Service at any time. There is no charge for E-Service.

Telephone transactions and written transactions. Certain transaction requests currently must be made in writing. You must make the following requests in writing (unless you are permitted to make the requests by E-Service or by telephone. See "Telephone transactions" on page 17):

- . transfer of accumulation value;\*
- . change of allocation percentages for premium payments; \*
- . change of allocation percentages for Policy deductions; \*
- . telephone transaction privileges; \*

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- . loan;
- . full surrender;
- . partial surrender;
- . change of beneficiary or contingent beneficiary;
- . loan repayments or loan interest payments;
- . change of death benefit option or manner of death benefit payment;
- . change in specified amount;
- . addition or cancellation of, or other action with respect to any benefit riders;
- . election of a payment option for Policy proceeds; and
- . tax withholding elections.

-----  
\* These transactions are permitted by E-Service, by telephone or in writing.

We have special forms which should be used for loans, assignments, partial and full surrenders, changes of owner or beneficiary, and all other contractual changes. You will be asked to return your Policy when you request a full surrender. You may obtain these forms from our Administrative Center, shown under "Contact Information" on page 5, or from your AGL representative. Each communication must include your name, Policy number and, if you are not the

insured person, that person's name. We cannot process any requested action that does not include all required information.

Telephone transactions. If you have a completed telephone authorization form on file with us, you may make transfers, or change the allocation of future premium payments or deduction of charges, by telephone, subject to the terms of the form. We will honor telephone instructions from any person who provides the correct information, so there is a risk of possible loss to you if unauthorized persons use this service in your name. Our current procedure is that only the owner or your AGL representative may make a transfer request by phone. We are not liable for any acts or omissions based upon instructions that we reasonably believe to be genuine. Our procedures include verification of the Policy number, the identity of the caller, both the insured person's and owner's names, and a form of personal identification from the caller. We will promptly mail a written confirmation of the transaction. If (a) many people seek to make telephone requests at or about the same time, or (b) our recording equipment malfunctions, it may be impossible for you to make a telephone request at the time you wish. You should submit a written request if you cannot make a telephone request. Also, if due to malfunction or other circumstances your telephone request is incomplete or not fully comprehensible, we will not process the transaction. The phone number for telephone requests is 1-800-340-2765.

Variable Investment Options

We divided the Separate Account into variable investment options, each of which invests in shares of a corresponding Fund. Except as noted below, you may invest premium payments in variable investment options investing in the Funds listed in the following table. The name of each Fund or a footnote for the Fund describes its type (for example, money market fund, growth fund, equity fund, etc.). Fund sub-advisers are shown in parenthesis.

<TABLE>  
<CAPTION>

| Variable Investment Options                                  | Investment Adviser (sub-adviser, if applicable) |
|--|---|
| <S>  | <C>   |
| AIM V.I. International Growth Fund - Series I Shares         | A I M Advisors, Inc.                            |
| AIM V.I. Premier Equity Fund - Series I Shares               | A I M Advisors, Inc.                            |
| Alger American MidCap Growth Portfolio - Class O Shares      | Fred Alger Management, Inc.                     |
| American Century VP Value Fund                               | American Century Investment Management, Inc.    |
| Dreyfus VIF Developing Leaders Portfolio - Initial Shares/1/ | The Dreyfus Corporation                         |
| Dreyfus VIF Quality Bond Portfolio - Initial Shares          | The Dreyfus Corporation                         |

</TABLE>

(Footnotes found on Page 18)

<TABLE>  
<CAPTION>

| Variable Investment Options   | Investment Adviser (sub-adviser, if applicable)   |
|---|---|
| <S>   | <C>   |
| Fidelity(R) VIP Contrafund(R) Portfolio - Service Class 2/2/              | Fidelity Management & Research Company (FMR Co., Inc.)<br>(Fidelity International Investment Advisors)<br>(Fidelity International Investment Advisors (U.K.) Limited)<br>(Fidelity Investments Japan Limited)<br>(Fidelity Management & Research (Far East) Inc.)<br>(Fidelity Management & Research (U.K.) Inc.) |
| Fidelity(R) VIP Equity-Income Portfolio - Service Class 2                 | Fidelity Management & Research Company (FMR Co., Inc.)  |
| Fidelity(R) VIP Growth Portfolio - Service Class 2                        | Fidelity Management & Research Company (FMR Co., Inc.)  |
| Fidelity(R) VIP Mid Cap Portfolio - Service Class 2                       | Fidelity Management & Research Company (FMR Co., Inc.)<br>(Fidelity International Investment Advisors)<br>(Fidelity International Investment Advisors (U.K.) Limited)<br>(Fidelity Investments Japan Limited)<br>(Fidelity Management & Research (Far East) Inc.)<br>(Fidelity Management & Research (U.K.) Inc.) |
| Franklin Templeton VIP Franklin Small Cap Value Securities Fund - Class 2 | Franklin Advisory Services, LLC   |

|  |   |
|--|---|
| Janus Aspen International Growth Portfolio - Service Shares  | Janus Capital Management LLC                    |
| Janus Aspen Mid Cap Growth Portfolio - Service Shares        | Janus Capital Management LLC                    |
| Janus Aspen Worldwide Growth Portfolio - Service Shares      | Janus Capital Management LLC                    |
| MFS(R) VIT Capital Opportunities Series - Initial Class/3/   | Massachusetts Financial Services Company        |
| MFS(R) VIT Emerging Growth Series - Initial Class            | Massachusetts Financial Services Company        |
| MFS(R) VIT New Discovery Series - Initial Class/4/           | Massachusetts Financial Services Company        |
| MFS(R) VIT Research Series - Initial Class/5/                | Massachusetts Financial Services Company        |
| Neuberger Berman AMT Mid-Cap Growth Portfolio                | Neuberger Berman Management Inc.                |
| Oppenheimer Global Securities Fund/VA - Non-Service Shares   | Oppenheimer Funds, Inc.                         |
| PIMCO VIT Real Return Portfolio - Administrative Class/6/    | Pacific Investment Management Company LLC       |
| PIMCO VIT Short-Term Portfolio - Administrative Class        | Pacific Investment Management Company LLC       |
| PIMCO VIT Total Return Portfolio - Administrative Class      | Pacific Investment Management Company LLC       |
| Pioneer Growth Opportunities VCT Portfolio - Class I Shares* | Pioneer Investment Management, Inc.             |
| Putnam VT Diversified Income Fund - Class IB                 | Putnam Investment Management, LLC               |
| Putnam VT Growth and Income Fund - Class IB                  | Putnam Investment Management, LLC               |
| Putnam VT International Growth and Income Fund - Class IB    | Putnam Investment Management, LLC               |
| VALIC Co. I Mid Cap Index Fund                               | VALIC** (AIG Global Investment Corp.)           |
| VALIC Co. I Money Market I Fund                              | VALIC** (AIG SunAmerica Asset Management Corp.) |
| VALIC Co. I Small Cap Index Fund                             | VALIC** (AIG Global Investment Corp.)           |
| VALIC Co. I Stock Index Fund                                 | VALIC** (AIG Global Investment Corp.)           |
| Vanguard VIF High Yield Bond Portfolio                       | Wellington Management Company, LLP              |
| Vanguard VIF REIT Index Portfolio                            | The Vanguard Group                              |

</TABLE>

- /1/ The Fund type for Dreyfus VIF Developing Leaders Portfolio - Initial shares is small cap.
- /2/ The Fund type for Fidelity(R) VIP Contrafund(R) Portfolio - Service Class 2 is capital appreciation.
- /3/ The Fund type for MFS(R) VIT Capital Opportunities Series - Initial Class is capital appreciation.
- /4/ The Fund type for MFS(R) VIT New Discovery Series - Initial Class is small cap growth.
- /5/ The Fund type for MFS(R) VIT Research Series - Initial Class is long-term growth.
- /6/ The Fund type for PIMCO VIT Real Return Portfolio - Administrative Class is maximum real return.

\* This investment option is not available for all Policy owners. See "Policy Benefits" on page 6.

\*\* "VALIC" means The Variable Annuity Life Insurance Company.

From time to time, certain Fund names are changed. When we are notified of a name change, we will make changes so that the new name is properly shown. However, until we complete the changes, we may provide you with various forms, reports and confirmations that reflect a Fund's prior name.

You can learn more about the Funds, their investment policies, risks, expenses and all other aspects of their operations by reading their prospectuses. You should carefully read the Funds' prospectuses before you select any variable investment option. We do not guarantee that any Fund will achieve its objective. In addition, no single Fund or investment option, by itself, constitutes a balanced investment plan.

We have entered into various services agreements with most of the advisers or administrators for the Funds. We receive payments for the administrative

services we perform such as proxy mailing and tabulation, mailing of fund related information and responding to Policy owners' inquiries about the Funds. Currently, these payments range from 0.15% to 0.35% of the market value of the assets invested in the underlying Fund as of a certain date, usually paid at the end of each calendar quarter. From time to time some of these arrangements may be renegotiated so that we receive a greater payment than previously paid depending on our determination that the expenses that we are incurring are greater than we anticipated. These payments do not result in any additional charges under the Policies that are not described under "Charges Under the Policy" on page 36.

We have entered into a services agreement with PIMCO Variable Insurance Trust ("PIMCO VIT") under which we receive fees paid directly by PIMCO VIT for services we perform.

We also receive what is referred to as "12b-1 fees" from some of the Funds themselves. These fees are designed to help pay for our direct and indirect distribution costs for the Policies. These fees are generally equal to 0.25% of the daily market value of the assets invested in the underlying Fund.

#### Voting Privileges

We are the legal owner of the Funds' shares held in the Separate Account. However, you may be asked to instruct us how to vote the Fund shares held in the various Funds that are attributable to your Policy at meetings of shareholders of the Funds. The number of votes for which you may give directions will be determined as of the record date for the meeting. The number of votes that you may direct related to a particular Fund is equal to (a) your accumulation value invested in that Fund divided by (b) the net asset value of one share of that Fund. Fractional votes will be recognized.

We will vote all shares of each Fund that we hold of record, including any shares we own on our own behalf, in the same proportions as those shares for which we have received instructions from owners participating in that Fund through the Separate Account.

If you are asked to give us voting instructions, we will send you the proxy material and a form for providing such instructions. Should we determine that we are no longer required to send the owner such materials, we will vote the shares as we determine in our sole discretion.

In certain cases, we may disregard instructions relating to changes in a Fund's investment manager or its investment policies. We will advise you if we do and explain the reasons in our next report to Policy owners. AGL reserves the right to modify these procedures in any manner that the laws in effect from time to time allow.

#### Declared Fixed Interest Account

We invest any accumulation value you have allocated to the declared fixed interest account as part of our general assets. We credit interest on that accumulation value at a rate which we declare from time to time. We guarantee that the interest will be credited at an annual effective rate of at least 4%. Although this interest increases the amount of any accumulation value that you have in the declared fixed interest account, such accumulation value will also be reduced by any charges that are allocated to this option under the procedures described under "Allocation of charges" on page 38. The "daily charge" described on page 36 and the fees and expenses of the Funds discussed on page 14 do not apply to the declared fixed interest account.

Our general account. Our general account assets are all of our assets that we do not hold in legally segregated separate accounts. Our general account supports our obligations to you under your Policy's declared fixed interest account. Because of applicable exemptions, no interest in this option has been registered under the Securities Act of 1933, as amended. Neither our general account nor our declared fixed interest account is an investment company under the Investment Company Act of 1940. We have been advised that the staff of the SEC has not reviewed the disclosures that are included in this prospectus for your information about our general account or our declared fixed interest account. Those disclosures, however, may be subject to certain generally applicable provisions of the federal securities laws relating to the accuracy and completeness of statements made in prospectuses.

How we declare interest. Except for amounts held as collateral for loans, we can at any time change the rate of interest we are paying on any accumulation value allocated to our declared fixed interest account, but it will always be at an annual effective rate of at least 4%.

Under these procedures, it is likely that at any time different interest

rates will apply to different portions of your accumulation value, depending on when each portion was allocated to our declared fixed interest account. Any charges, partial surrenders, or loans that we take from any accumulation value that you have in our declared fixed interest account will be taken from each portion in reverse chronological order based on the date that accumulation value was allocated to this option.

#### Illustrations

We may provide you with illustrations for your Policy's death benefit, accumulation value, and cash surrender value based on hypothetical rates of return. Hypothetical illustrations also assume costs of insurance for a hypothetical person. These illustrations are illustrative only and should not be considered a representation of past or future performance. Your actual rates of return and actual charges may be higher or lower than these illustrations. The actual return on your accumulation value will depend on factors such as the amounts you allocate to particular investment options, the amounts deducted for the Policy's fees and charges, the variable investment options' fees and charges, and your Policy loan and partial surrender history.

Before you purchase the Policy, we will provide you with what we refer to as a customized illustration. A customized illustration shows future benefits under the Policy based upon (1) the proposed insured person's age and premium class and (2) your selection of a death benefit Option, specified amount, planned periodic premiums, riders, and proposed investment options.

After you purchase the Policy and upon your request, we will provide a similar customized illustration that takes into account your Policy's actual values and features as of the date the illustration

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is prepared. We reserve the right to charge a \$25 fee for customized illustrations prepared after the Policy is issued if you request us to do so more than once each year.

#### POLICY FEATURES

##### Death Benefits

Your specified amount of insurance. In your application to buy a Corporate America Policy, you tell us how much life insurance coverage you want. We call this the "specified amount" of insurance.

Your death benefit. You must choose one of the two options at the time we issue your Policy. The death benefit we will pay is reduced by any outstanding Policy loans and increased by any unearned loan interest we may have already charged. Depending on the Option you choose, the death benefit we will pay is:

- . Option 1--The specified amount on the date of the insured person's death.
- . Option 2--The sum of (a) the specified amount on the date of the insured person's death and (b) the Policy's accumulation value as of the date of notification of the insured person's death.

See "Partial surrender" on page 30 for more information about the effect of partial surrenders on the amount of the death benefit.

Under Option 2, your death benefit will tend to be higher than under Option 1. However, the monthly insurance charge we deduct will also be higher to compensate us for our additional risk. Because of this, your accumulation value for the same amount of premium will tend to be higher under Option 1 than under Option 2.

Any premiums we receive after notification of the insured person's death will be returned and not included in your accumulation value.

Required minimum death benefit. We may be required under federal tax law to pay a larger death benefit than what would be paid under your chosen death benefit Option. We refer to this larger benefit as the "required minimum death benefit" as explained below.

Federal tax law requires a minimum death benefit (the required minimum death benefit) in relation to the accumulation value in order for a Policy to qualify as life insurance. We will automatically increase the death benefit of a Policy if necessary to ensure that the Policy will continue to qualify as life insurance. One of two tests under current federal tax law can be used: the "guideline premium test" or the "cash value accumulation test." You must elect one of these tests when you apply for a Policy. After we issue your Policy, the choice may not be changed.

If you choose the guideline premium test, total premium payments paid in a Policy year may not exceed the guideline premium payment limitations for life insurance set forth under federal tax law. If you choose the cash value accumulation test, there are no limits on the amount of premium you can pay

in a Policy year, so long as the death benefit is large enough compared to the accumulation value to meet the test requirements.

The other major difference between the two tax tests involves the Policy's required minimum death benefit. The required minimum death benefit is calculated as shown in the tables that follow.

If at any time the required minimum death benefit is more than the death benefit payable under the Option you selected, the death benefit payable would be the required minimum death benefit.

Under federal tax law rules, if you selected death benefit Option 1 and elected the cash value accumulation test, rather than the guideline premium test, the payment of additional premiums may cause your accumulation value to increase to a level where the required minimum death benefit becomes applicable. Therefore, choosing the cash value accumulation test may make it more likely that the required minimum death benefit will apply if you select death benefit Option 1.

If you anticipate that your Policy may have a substantial accumulation value in relation to its death benefit, you should be aware that the cash value accumulation test may cause your Policy's death benefit to be higher than if you had chosen the guideline premium test. To the extent that the cash value accumulation test does result in a higher death benefit, the cost of insurance charges deducted from your Policy will also tend to be higher. (This compensates us for the additional risk that we might have to pay the higher required minimum death benefit.)

If you have selected the cash value accumulation test, we calculate the required minimum death benefit by multiplying your Policy's accumulation value by a required minimum death benefit percentage that will be set forth on page 25 of your Policy. The required minimum death benefit percentage varies based on the age and sex of the insured person. Below is an example of applicable required minimum death benefit percentages for the cash value accumulation test. The percentages shown are for a 50 year old male, preferred non-tobacco. This individual is the same insured whose characteristics we used to illustrate the "Example Charge" in each of the Tables of Charges beginning on page 11 of the prospectus.

-----  
 APPLICABLE PERCENTAGES UNDER  
 CASH VALUE ACCUMULATION TEST

| Insured<br>Person's<br>Attained<br>Age | 40   | 45   | 50   | 55   | 60   | 65   | 70   | 75   | 99   |
|--|------|------|------|------|------|------|------|------|------|
| %                                      | 344% | 294% | 252% | 218% | 191% | 169% | 152% | 138% | 104% |

-----

If you selected the guideline premium test, we calculate the required minimum death benefit by multiplying your Policy's accumulation value by an applicable required minimum death benefit percentage. The applicable required minimum death benefit percentage is 250% when the insured person's age is 40 or less, and decreases each year thereafter to 100% when the insured person's age is 95 or older.

The applicable required minimum death benefit percentages under the guideline premium test for certain ages between 40 and 95 are set forth in the following table.

-----  
 APPLICABLE PERCENTAGES UNDER  
 GUIDELINE PREMIUM TEST

| Insured<br>Person's<br>Attained<br>Age* | 40   | 45   | 50   | 55   | 60   | 65   | 70   | 75   | 95+  |
|---|------|------|------|------|------|------|------|------|------|
| -----                                   | ---  | ---  | ---  | ---  | ---  | ---  | ---  | ---  | ---  |
| %                                       | 250% | 215% | 185% | 150% | 130% | 120% | 115% | 105% | 100% |

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 \*Age nearest birthday at the beginning of the Policy year in which the insured person dies.  
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Your Policy calls the multipliers used for each test the "Death Benefit Corridor" rate.

#### Premium Payments

Premium payments. We call the payments you make "premiums" or "premium payments." The amount we require as your initial premium varies depending on the specifics of your Policy and the insured person. We can refuse to accept a premium payment that is less than \$300. If mandated under applicable law, we may be required to reject a premium payment. Otherwise, with a few exceptions mentioned below, you can make premium payments at any time and in any amount. Premium payments we receive after your free look period, as discussed on page 24, will be allocated upon receipt to the available investment options you have chosen.

Limits on premium payments. Federal tax law may limit the amount of premium payments you can make (relative to the amount of your Policy's insurance coverage) and may impose penalties on amounts you take out of your Policy if you do not observe certain additional requirements. These tax law requirements and a discussion of modified endowment contracts are summarized further under "Federal Tax Considerations" beginning on page 40. We will monitor your premium payments, however, to be sure that you do not exceed permitted amounts or inadvertently incur any tax penalties. The tax law limits can vary as a result of changes you make to your Policy. For example, a reduction in the specified amount of your Policy can reduce the amount of premiums you can pay.

Also, in certain limited circumstances, additional premiums may cause the death benefit to increase by more than they increase your accumulation value. In such case, we may refuse to accept an additional premium if the insured person does not provide us with satisfactory evidence that our requirements for issuing insurance are still met. This increase in death benefit is on the same terms (including additional charges) as any other specified amount increase you request (as described under "Increase in coverage" on page 26.)

Checks. You may pay premiums by check drawn on a U.S. bank in U.S. dollars and made payable to "American General Life Insurance Company," or "AGL." Premiums after the initial premium should be sent directly to the appropriate address shown on your billing statement. If you do not receive a billing statement, send your premium directly to the address for premium payments shown on page 5. We also accept premium payments by bank draft, wire or by exchange from another insurance company. Premium payments from salary deduction plans may be made only if we agree. You may obtain further information about how to make premium payments by any of these methods from your AGL representative or from our Administrative Center shown under "Contact Information" on page 5.

Planned periodic premiums. Page 3 of your Policy will specify a "Planned Periodic Premium." This is the amount that you (within limits) choose to pay. Our current practice is to bill monthly, quarterly, semi-annually or annually. However, payment of these or any other specific amounts of premiums is not mandatory. After payment of your initial premium, you need only invest enough to ensure that your Policy's cash surrender value stays above zero ("Cash surrender value" is explained under "Full surrender" on page 30.) The less you invest, the more likely it is that your Policy's cash surrender value could fall to zero, as a result of the deductions we periodically make from your accumulation value.

Free look period. If for any reason you are not satisfied with your Policy, you may return it to us and we will refund the greater of (i) any premium payments received by us or (ii) your accumulation value plus any charges that have been deducted. To exercise your right to return your Policy, you must mail it directly to the Administrative Center address shown under "Contact Information" on page 5 or return it to the AGL representative through whom you purchased the Policy within 10 days after you receive it. In a few states, this period may be longer. Because you have this right, we will invest your initial net premium payment in the money market investment option from the date your investment performance begins until the first business day that is at least 15 days later. Then we will automatically allocate your investment among the

available investment options in the ratios you have chosen. Any additional premium we receive during the 15-day period will also be invested in the money market investment option and allocated to the investment options at the same time as your initial net premium.

#### Changing Your Investment Option Allocations

Future premium payments. You may at any time change the investment options in which future premiums you pay will be invested. Your allocation must, however, be in whole percentages that total 100%.

Transfers of existing accumulation value. You may also transfer your existing accumulation value from one investment option under the Policy to another. The first 12 transfers in a Policy year are free of charge. We consider your instruction to transfer from or to more than one investment option at the same time to be one transfer. We will charge you \$25 for each additional transfer. You may make transfers from the variable investment options at any time. You may make transfers from the declared fixed interest account only during the 60-day period following each Policy anniversary. The total amount that you can transfer each year from the declared fixed interest account is limited to the greater of:

- . 25% of the unloaned accumulation value you have in the declared fixed interest account as of the Policy anniversary; or
- . the total amount you transferred or surrendered from the declared fixed interest account during the previous Policy year.

Unless you are transferring the entire amount you have in an investment option, including the declared fixed interest account, each transfer must be at least \$500. See "Additional Rights That We Have" on page 34.

Dollar cost averaging. Dollar cost averaging is an investment strategy designed to reduce the risks that result from market fluctuations. The strategy spreads the allocation of your accumulation

value among your chosen variable investment options over a period of time. This allows you to reduce the risk of investing most of your funds at a time when prices are high. The success of this strategy depends on market trends and is not guaranteed. You should carefully consider your financial ability to continue the program over a long enough period of time to allocate accumulation value to the variable investment options when their value is low as well as when it is high.

Under dollar cost averaging, we automatically make transfers of your accumulation value from your chosen investment option to one or more of the other variable investment options that you choose. You tell us what day of the month you want these transfers to be made (other than the 29th, 30th or 31st of a month) and whether the transfers on that day should occur monthly, quarterly, semi-annually or annually. We make the transfers at the end of the valuation period containing the day of the month you select. (The term "valuation period" is described on page 27.) You must have at least \$5,000 of accumulation value to start dollar cost averaging and each transfer under the program must be at least \$100. Dollar cost averaging ceases upon your request, or if your accumulation value in your chosen investment option from which you are making transfers becomes exhausted. You cannot use dollar cost averaging at the same time you are using automatic rebalancing. Dollar cost averaging transfers do not count against the 12 free transfers that you are permitted to make each year. We do not charge you for using this service.

Automatic rebalancing. This feature automatically rebalances the proportion of your accumulation value in each variable investment option under your Policy to correspond to your then current premium allocation designation. Automatic rebalancing does not guarantee gains, nor does it assure that you will not have losses. You tell us whether you want us to do the rebalancing quarterly, semi-annually or annually. Automatic rebalancing will occur as of the end of the valuation period that contains the date of the month your Policy was issued. For example, if your Policy is dated January 17, and you have requested automatic rebalancing on a quarterly basis, automatic rebalancing will start on April 17, and will occur quarterly thereafter. You must have a total accumulation value of at least \$5,000 to begin automatic rebalancing. Rebalancing ends upon your request. You cannot use automatic rebalancing at the same time you are using dollar cost averaging. Automatic rebalancing transfers do not count against the 12 free transfers that you are permitted to make each year. We do not charge you for using this service.

Market Timing. The Policies are not designed for professional market timing organizations or other entities or individuals using programmed and frequent transfers involving large amounts. Market timing carries risks with it,

including:

- . dilution in the value of Fund shares underlying investment options of other Policy owners;
- . interference with the efficient management of the Fund's portfolio; and
- . increased administrative costs.

We have policies and procedures that require us to monitor the Policies to determine if a Policy owner requests:

- . an exchange out of a variable investment option within two calendar weeks of an earlier exchange into that same variable investment option; or

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- . exchanges into or out of the same variable investment option occur more than twice in any one calendar quarter.

If either of the above transactions occurs, we will suspend such Policy owner's same day or overnight delivery transfer privileges (including website, e-mail and facsimile communications) with prior notice to prevent market timing efforts that could be harmful to other Policy owners or beneficiaries. Such notice of suspension will take the form of either a letter mailed to your last known address, or a telephone call from our Administrative Center to inform you that effective immediately, your same day or overnight delivery transfer privileges have been suspended. The suspension of Policy transfer privileges will last for no more than six months. Transfers under dollar cost averaging, automatic rebalancing or any other automatic transfer arrangements to which we have agreed are not affected by these procedures.

The procedures above will be followed in all circumstances and we will treat all Policy owners the same.

In addition, Policy owners incur a \$25 charge for each transfer in excess of 12 each Policy year

Fund-rejected transfers. Some of the Funds have policies and procedures restricting transfers into the Fund. For this reason or for any other reason the Fund deems necessary, a Fund may reject a Policy owner's transfer request. Please read the Funds' prospectuses and supplements for information about restrictions on transfers.

#### Changing the Specified Amount of Insurance

Increase in coverage. At any time while the insured person is living, you may request an increase in the specified amount of coverage under your Policy. You must, however, provide us with satisfactory evidence that the insured person continues to meet our requirements for issuing insurance coverage.

We treat an increase in specified amount in many respects as if it were the issuance of a new Policy. For example, the monthly insurance charge for the increase will be based on the age and risk class of the insured person at the time of the increase. These charges are the same as they would be if we were instead issuing the same amount of additional coverage as a new Corporate America Policy. Increasing the specified amount may increase the amount of premium you would need to pay to avoid a lapse of your Policy.

Decrease in coverage. After the first Policy year, you may request a reduction in the specified amount of coverage, but not below certain minimums. If the insured is younger than 65, the death benefit may be reduced to no less than \$50,000, otherwise the minimum is \$25,000 (or, if greater, the minimum amount the tax law requires). There is no partial surrender fee assessed for decreases in the specified amount. A decrease in specified amount does not reduce the charges under your Policy.

#### Changing Death Benefit Options

Change of death benefit option. You may at any time before the death of the insured person request us to change your choice from death benefit Option 1 to Option 2 or vice-versa:

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.. If you change from Option 1 to Option 2, we automatically reduce your Policy's specified amount of insurance by the amount of your Policy's accumulation value (but not below zero) at the time of the change. The change will go into effect on the monthly deduction day following the date we receive your request for change.

.. If you change from Option 2 to Option 1, then as of the date of the change we automatically increase your Policy's specified amount by the amount of your Policy's accumulation value.

Tax consequences of changes in insurance coverage. Please read "Tax Effects" starting on page 40 of this prospectus to learn about possible adverse tax consequences of changing your insurance coverage under your Policy.

#### Effective Date of Policy and Related Transactions

Valuation dates, times, and periods. We compute values under a Policy on each day that the New York Stock Exchange ("NYSE") is open for business. We call each such day a "valuation date" or a "business day."

We compute policy values as of the time the NYSE closes on each valuation date, which usually is 3:00 p.m. Central time. We call this our "close of business." We call the time from the close of business on one valuation date to the close of business of the next valuation date a "valuation period." We are closed only on those holidays the NYSE is closed.

Fund pricing. Each Fund produces a price per Fund share following each close of the NYSE and provides that price to us. We then determine the Fund value at which you may invest in the particular investment option, which reflects the change in value of each Fund reduced by the daily charge and any other charges that are applicable to your Policy.

Date of receipt. Generally we consider that we have received a premium payment or another communication from you on the day we actually receive it in full and proper order at any of the addresses shown on page 5 of this prospectus. If we receive it after the close of business on any valuation date, however, we consider that we have received it on the day following that valuation date. Any premium payments we receive after our close of business are held in our general account until the next business day.

Commencement of insurance coverage. After you apply for a Policy, it can sometimes take up to several weeks for us to gather and evaluate all the information we need to decide whether to issue a Policy to you and, if so, what the insured person's premium class should be. We will not pay a death benefit under a Policy unless (a) it has been delivered to and accepted by the owner and at least the initial premium has been paid, and (b) at the time of such delivery and payment, there have been no adverse developments in the insured person's health or risk of death.

Date of issue; Policy months and years. We prepare the Policy only after we approve an application for a Policy and assign the appropriate insurance rate class. The day we begin to deduct charges will appear on page 3 of your Policy and is called the "Date of Issue." Policy months and years are measured from the date of issue. To preserve a younger age at issue for the insured person, we may assign a date of issue to a Policy that is up to 6 months earlier than otherwise would apply.

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Monthly deduction days. Each charge that we deduct monthly is assessed against your accumulation value at the close of business on the date of issue and at the end of each subsequent valuation period that includes the first day of a Policy month. We call these "monthly deduction days."

Commencement of investment performance. We begin to credit an investment return to the accumulation value resulting from your initial premium payment on the later of (a) the date of issue, or (b) the date all requirements needed to place the Policy in force have been satisfied, including underwriting approval and receipt in the Home Office of the necessary premium. In the case of a back-dated Policy, we do not credit an investment return to the accumulation value resulting from your initial premium payment until the date stated in (b) above.

Effective date of other premium payments and requests that you make. Premium payments (after the first) and transactions made in response to your requests and elections are generally effected at the end of the valuation period in which we receive the payment, request or election and based on prices and values computed as of that same time. Exceptions to this general rule are as follows:

. Increases or decreases you request in the specified amount of

insurance, reinstatements of a Policy that has lapsed, and changes in death benefit option take effect on the Policy's monthly deduction day if your request is approved that day or on the next monthly deduction day following approval if we approve your request on any other day of the month;

- . In most states, we may return premium payments, make a partial surrender or reduce the death benefit if we determine that such premiums would cause your Policy to become a modified endowment contract or to cease to qualify as life insurance under federal income tax law or exceed the maximum net amount at risk;
- . If you exercise the right to return your Policy described under "Free look period," on page 24 of this prospectus, your coverage will end when you deliver it to your AGL representative, or if you mailed it to us, the day it is postmarked; and
- . If you pay a premium at the same time that you make a Policy request which requires our approval, your payment will be applied when received rather than following the effective date of the requested change, but only if your Policy is in force and the amount paid will not cause you to exceed premium limitations under the Internal Revenue Code of 1986, as amended (the "Code"). If we do not approve your Policy request, your premium payment will still be accepted in full or in part (we will return to you the portion of your premium payment that would be in violation of the maximum premium limitations under the Code). We will not apply this procedure to premiums you pay in connection with reinstatement requests.

#### Reports to Policy Owners

Shortly after the end of each Policy year, we will mail you a report that includes information about your Policy's current death benefit, accumulation value, cash surrender value and Policy loans. We will send you notices to confirm premium payments, transfers and certain other Policy transactions. We will mail to you at your last known address of record, these and any other reports and communications required by law. You should give us prompt written notice of any address change.

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#### ADDITIONAL BENEFIT RIDERS

##### Riders

You can request that your Policy include the additional rider benefits described below. For most of the riders that you choose, a charge, which will be shown on page 3 of your Policy, will be deducted from your accumulation value on each monthly deduction date. The reduction in accumulation value lowers your amount available for withdrawals and could cause your Policy to lapse sooner than it would have otherwise. Eligibility for and changes in these benefits are subject to our rules and procedures as in effect from time to time. Not all riders are available in all states. More details are included in the form of each rider, which we suggest that you review if you choose any of these benefits.

- . Flexible Term Rider. This rider provides a death benefit coverage in addition to the base Policy death benefit. The cost of insurance rates are the same as for the base Policy. Use of this rider to provide a portion of the total death benefit reduces the target premium and can reduce the premium expense charge, which increases the accumulation value. You can change the amount of the rider, subject to our rules and procedures.

We pay a higher level of compensation for the sale of the base Policy death benefit than for the additional death benefit coverage you purchase under this rider.

- . Return of Premium Rider. This rider provides increases in the death benefit equal to the sum of all premiums paid for the Policy, including premiums for all riders, less:

the total amount of all partial withdrawals from the Policy's cash surrender value; and

the amount of any Policy loan, reduced by unearned loan interest, if any.

The Return of Premium Rider may not be selected with Death Benefit Option 2. You can purchase this rider only at the time we issue your Policy.

Maturity Extension Rider. This rider permits you to extend the Policy's maturity date beyond what it otherwise would be.

The death benefit after the original maturity date will be equal to the accumulation value on the date of the insured person's death. All accumulation value that is in the Separate Account can remain there.

No additional premium payments, new loans, monthly insurance charge, or changes in specified amount will be allowed after the original maturity date. Any outstanding loans still must be paid or any unpaid loan will be deducted from the proceeds we pay following notification of the insured person's death. There is a flat monthly charge of no more than \$10 each month after the original maturity date. You can select this rider at any time before the maturity date. In Illinois, you may elect this rider only after we issue your Policy and prior to the original maturity date. After this rider is elected, it may not be revoked.

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Extension of the maturity date beyond the insured persons's age 100 may result in the current taxation of increases in your Policy accumulation value as a result of interest or investment experience after that time. You should consult a qualified tax advisers before making such an extension.

#### Tax Consequences of Additional Rider Benefits

Adding or deleting riders, or increasing or decreasing coverage under existing riders can have tax consequences. See "Tax Effects" starting on page 40. You should consult a qualified tax adviser.

#### POLICY TRANSACTIONS

The following transactions may have different effects on the accumulation value, death benefit, Specified Amount or cost of insurance. You should consider the net effects before requesting a Policy transaction. See "Policy Features" on page 21. Certain transactions also entail charges. For information regarding other charges, see "Charges Under the Policy" on page 36.

#### E-Delivery, E-Service, Telephone Transactions and Written Transactions

See page 16 for information regarding E-Delivery, E-Service, telephone transactions and written transactions.

#### Withdrawing Policy Investments

Full surrender. You may at any time surrender your Policy in full. If you do, we will pay you the accumulation value less any Policy loans, plus any unearned loan interest. We call this amount your "cash surrender value." During the first Policy year, the cash surrender value will be equal to (accumulation value less any Policy loans) plus 40% of the premium expense charge from each premium payment made during the first Policy year. During the second Policy year, the cash surrender value will be equal to (accumulation value less any Policy loans) plus 20% of the premium expense charge from each premium payment made during the first Policy year.

Partial surrender. You may, at any time after the first Policy year, make a partial surrender of your Policy's cash surrender value. A partial surrender must be at least \$500. If the Option 1 death benefit is then in effect, we will also automatically reduce your Policy's specified amount of insurance by the amount of your withdrawal and any related charges. We will not permit a partial surrender if it would cause your Policy to fail to qualify as life insurance under the tax laws. The specified amount remaining after a partial surrender will not be less than the minimum amount allowed.

You may apply for a partial surrender without reducing your Policy's specified amount of insurance if you meet certain requirements established by us, including satisfactory evidence of insurability.

You may choose the investment option or options from which money that you withdraw will be taken. Otherwise, we will allocate the partial surrender in the same proportions as then apply for deducting monthly charges under your Policy or, if that is not possible, in proportion to the amount of accumulation value you then have in each investment option.

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There is a maximum partial surrender processing fee equal to the lesser of 2% of the amount withdrawn or \$25 for each partial surrender you make. This charge currently is \$10.

Exchange of Policy in certain states. Certain states require that a Policy owner be given the right to exchange the Policy for a fixed benefit life insurance policy, within either 18 or 24 months from the date of issue. This right is subject to various conditions imposed by the states and us. In such states, this right has been more fully described in your Policy or related endorsements to comply with the applicable state requirements.

Policy loans. You may at any time borrow from us an amount up to your Policy's cash surrender value less the interest that will be payable on your loan and on any existing Policy loans to your next Policy anniversary. The minimum amount you can borrow is \$500 or, if less, your Policy's cash surrender value less the loan interest payable to your next Policy anniversary. These rules are not applicable in all states.

We remove from your investment options an amount equal to your loan and hold that amount as collateral for the loan. We will credit your Policy with interest on this collateral amount at a guaranteed annual effective rate of 4% (rather than any amount you could otherwise earn in one of our investment options). We charge you interest on your loan at an annual effective rate of 4.75% for the first seven years payable in arrears and 4.25% thereafter payable in arrears. Any amount not paid by its due date will automatically be added to the loan balance as an additional loan.

When a loan is made, we will cancel units from each applicable division of the Separate Account and reduce the unloaned portion of the general account in the ratio that the loan bears to the unloaned Accumulation Value of your Policy, unless you specify otherwise in writing. The amount being borrowed from the Separate Account will be transferred to the general account.

You may repay all or part of your loan at any time before the death of the insured while your Policy is in force. Each repayment must be at least \$100 or the entire loan balance, if less. You must designate any loan repayment as such. Otherwise, we will treat it as a premium payment instead. Repayment of a loan will be allocated to the general account. You may tell us how to allocate repayments in excess of any loaned amount. If you do not tell us, any amount in excess of the loaned amount will be transferred from the general account to the divisions in the same ratio currently in effect for the allocation of net premiums. Any unpaid loan and loan interest will be deducted from the proceeds we pay following notification of the insured person's death.

Maturity of your Policy. If the insured person is living on the "Maturity Date" shown on page 3 of your Policy, we will pay you the cash surrender value of the Policy, and the Policy will end. The maturity date can be no later than the Policy anniversary nearest the insured person's 100th birthday, unless you have elected the Maturity Extension Rider. See "Additional Benefit Riders - Riders - Maturity Extension Rider," on page 29.

Extension of the maturity date beyond the insured person's age 100 may result in current taxation of increases in your Policy's accumulation value as a result of interest or investment experience after that time. You should consult a qualified tax adviser before making such an extension.

Tax considerations. Please refer to "Federal Tax Considerations" on page 40 for information about the possible adverse tax consequences to you when you receive any loan, surrender or other funds

from your Policy. A Policy loan may cause the Policy to lapse which may result in adverse tax consequences.

#### POLICY PAYMENTS

##### Payment Options

The beneficiary will receive the full death benefit proceeds from the Policy as a single sum, unless the beneficiary elects another method of payment within 60 days of the date of notification of the insured person's death. Likewise, the Policy owner will receive the full proceeds that become payable upon full surrender or the maturity date, unless the Policy owner elects another method of payment within 60 days of full surrender or the maturity date.

The payee can elect that all or part of such proceeds be applied to one or more of the following payment options. If the payee dies before all guaranteed payments are paid, the payee's heirs or estate will be paid the remaining

payments.

The payee can elect that all or part of such proceeds be applied to one or more of the following payment options:

- . Option 1--Equal monthly payments for a specified period of time.
- . Option 2--Equal monthly payments of a selected amount until all amounts are paid out.
- . Option 3--Equal monthly payments for the payee's life, but with payments guaranteed for a specified number of years. These payments are based on annuity rates that are set forth in the Policy or, at the payee's request, the annuity rates that we then are using.
- . Option 4--Proceeds left to accumulate at an interest rate of 3% compounded annually for any period up to 30 years. At the payee's request we will make payments to the payee monthly, quarterly, semiannually, or annually. The payee can also request a partial withdrawal of any amount of \$500 or more. There is no charge for partial withdrawals.

Additional payment options may also be available with our consent. We have the right to reject any payment option if the payee is a corporation or other entity. You can read more about each of these options in the Policy and in the separate form of payment Policy that we issue when any such option takes effect.

Interest rates that we credit under each option will be at least 3%.

Change of payment option. The owner may give us written instructions to change any payment option previously elected at any time while the Policy is in force and before the start date of the payment option.

Tax impact. If a payment option is chosen, the Policy owner or the beneficiary may have tax consequences. The Policy owner or the beneficiary should consult with a qualified tax adviser before deciding whether to elect one or more payment options.

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#### The Beneficiary

You name your beneficiary when you apply for a Policy. The beneficiary is entitled to the insurance benefits of the Policy. You may change the beneficiary during the lifetime of the insured person unless your previous designation of beneficiary provides otherwise. In this case the previous beneficiary must give us permission to change the beneficiary and then we will accept your instructions. We also require the consent of any irrevocably named beneficiary. A new beneficiary designation is effective as of the date you sign it, but will not affect any payments we may make before we receive it. If no beneficiary is living when the insured person dies, we will pay the insurance proceeds to the owner or the owner's estate.

#### Assignment of a Policy

You may assign (transfer) your rights in a Policy to someone else as collateral for a loan or for some other reason. We will not be bound by an assignment unless it is received in writing. You must provide us with two copies of the assignment. We are not responsible for any payment we make or any action we take before we receive a complete notice of the assignment in good order. We are also not responsible for the validity of the assignment. An absolute assignment is a change of ownership. Because there may be unfavorable tax consequences, including recognition of taxable income and the loss of income tax-free treatment for any death benefit payable to the beneficiary, you should consult a qualified tax adviser before making an assignment.

#### Payment of Proceeds

General. We will pay any death benefit, maturity benefit, cash surrender value or loan proceeds within seven days after we receive the last required form or request (and any other documents that may be required for payment of a death benefit). If we do not have information about the desired manner of payment within 60 days after the date we receive notification of the insured person's death, we will pay the proceeds as a single sum, normally within seven days thereafter.

Delay for check clearance. We reserve the right to defer payment of that portion of your accumulation value that is attributable to a payment made by check for a reasonable period of time (not to exceed 15 days) to allow the check to clear the banking system.

Delay of Separate Account VL-R proceeds. We reserve the right to defer computation of values and payment of any death benefit, loan or other distribution that comes from that portion of your accumulation value that is allocated to Separate Account VL-R, if:

- . the NYSE is closed other than weekend and holiday closings;
- . trading on the NYSE is restricted;
- . an emergency exists as determined by the SEC or other appropriate regulatory authority such that disposal of securities or determination of the accumulation value is not reasonably practicable; or
- . the SEC by order so permits for the protection of investors.

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Transfers and allocations of accumulation value among the investment options may also be postponed under these circumstances. If we need to defer calculation of Separate Account VL-R values for any of the foregoing reasons, all delayed transactions will be processed at the next values that we do compute.

Delay to challenge coverage. We may challenge the validity of your insurance Policy based on any material misstatements in your application or any application for a change in coverage. However,

- . We cannot challenge the Policy after it has been in effect, during the insured person's lifetime, for two years from the date the Policy was issued or restored after termination. (Some states may require that we measure this time in another way. Some states may also require that we calculate the amount we are required to pay in another way.)
- . We cannot challenge any Policy change that requires evidence of insurability (such as an increase in specified amount) after the change has been in effect for two years during the insured person's lifetime.

Delay required under applicable law. We may be required under applicable law to block a request for transfer or payment, including a Policy loan request, under a Policy until we receive instructions from the appropriate regulator.

#### Adjustments to Death Benefit

Suicide. If the insured commits suicide during the first two Policy years, we will limit the proceeds payable to the total of all premiums that have been paid to the time of death minus any outstanding Policy loans (plus credit for any unearned interest) and any partial surrenders. A new two year period begins if you increase the specified amount. You can increase the specified amount only if the insured is living at the time of the increase. In this case, if the insured commits suicide during the first two years following the increase, we will refund the monthly insurance deductions attributable to the increase. The death benefit will then be based on the specified amount in effect before the increase. Some states require that we compute differently these periods for non-contestability following a suicide.

Wrong age or gender. If the age or gender of the insured person was misstated on your application for a Policy (or for any increase in benefits), we will adjust any death benefit to be what the monthly insurance charge deducted for the current month would have purchased based on the correct information.

Death during grace period. We will deduct from the insurance proceeds any monthly charges that remain unpaid because the insured person died during a grace period.

#### ADDITIONAL RIGHTS THAT WE HAVE

We have the right at any time to:

- . transfer the entire balance in an investment option in accordance with any transfer request you make that would reduce your accumulation value for that option to below \$500;

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- . transfer the entire balance in proportion to any other investment options you then are using, if the accumulation value in an investment

option is below \$500 for any other reason;

- . change interest rates and charges as long as we stay within the minimum and maximum charges permitted in your Policy;
- . replace the underlying Fund that any investment option uses with another Fund, subject to SEC and other required regulatory approvals;
- . add, delete or limit investment options, combine two or more investment options, or withdraw assets relating to the Policies from one investment option and put them into another, subject to SEC and other regulatory approvals;
- . operate Separate Account VL-R under the direction of a committee or discharge such a committee at any time;
- . change our underwriting and premium class guidelines;
- . operate Separate Account VL-R, or one or more investment options, in any other form the law allows, including a form that allows us to make direct investments. Separate Account VL-R may be charged an advisory fee if its investments are made directly rather than through another investment company. In that case, we may make any legal investments we wish; or
- . make other changes in the Policy that in our judgment are necessary or appropriate to ensure that the Policy continues to qualify for tax treatment as life insurance, or that do not reduce any cash surrender value, death benefit, accumulation value, or other accrued rights or benefits.

You will be notified as required by law if there are any material changes in the underlying investments of an investment option that you are using. We intend to comply with all applicable laws in making any changes and, if necessary, we will seek Policy owner approval.

We also have the right to make some variations in the terms and conditions of a Policy. Any variations will be made only in accordance with uniform rules that we establish. Here are the potential variations.

Policies purchased through "internal rollovers". We maintain published rules that describe the procedures necessary to replace life insurance policies we have issued. Not all types of other insurance we issue are eligible to be replaced with a Policy. Our published rules may be changed from time to time, but are evenly applied to all our customers.

State law requirements. AGL is subject to the insurance laws and regulations in every jurisdiction in which the Policies are sold. As a result, various time periods and other terms and conditions described in this prospectus may vary depending on where you reside. These variations will be reflected in your Policy and related endorsements.

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Variations in expenses or risks. AGL may vary the charges and other terms within the limits of the Policy where special circumstances result in sales, administrative or other expenses, mortality risks or other risks that are different from those normally associated with the Policy.

You will be notified as required by law if there are any material changes in the underlying investments of an investment option that you are using. We intend to comply with all applicable laws in making any changes and, if necessary, we will seek Policy owner approval and SEC and other regulatory approvals.

#### CHARGES UNDER THE POLICY

Premium expense charge. In Policy year 1 through 7, we currently deduct 9% of the premiums paid, up to the "target premium" and then 5% on any premium paid in excess of the target premium. The amount we deduct in year 8 and thereafter is 5% of all premium payments. The target premium is an amount of level annual premium that would be necessary to support the benefits under your Policy, based on certain assumptions that we believe to be reasonable. We receive this charge to cover costs associated with issuance of the Policy and administrative services.

Daily charge (mortality and expense risk fee). We make a daily deduction, proportionately from your chosen variable investment options, at an annual effective rate of 0.65% of your accumulation value that is then being invested in any of the investment options for the costs associated with the mortality and expense risks we assume under the Policy. After a Policy has been in effect for

10 years, we will reduce the rate of the charge to a maximum of 0.40%, and after 20 years, we will further reduce the charge to a maximum of 0.15%. The daily deduction charges are the maximums we may charge; we may charge less, but we can never charge more.

Flat monthly charge. We will deduct, from the investment option(s) you specify, \$7 per month from your accumulation value to cover administrative services we perform, such as regulatory mailings and responding to Policy Owners' inquiries. Also, we have the right to raise this charge at any time to not more than \$10 per month.

Monthly insurance charge. Every month we will deduct from your accumulation value a charge based on the cost of insurance rates applicable to your Policy on the date of the deduction and our "amount at risk" on that date. Our amount at risk is the difference between (a) the death benefit that would be payable before reduction by Policy loans if the insured person died on that date and (b) the then total accumulation value under the Policy. For an otherwise identical Policy, a greater amount at risk results in a higher monthly insurance charge. The current monthly insurance charge has been designed primarily to provide funds out of which we can make payments of death benefits under the Policy after the insured person dies. Our cost of insurance rates are guaranteed not to exceed those that will be specified in your Policy.

Keep in mind that investment performance of the investment options in which you have accumulation value will affect the total amount of your accumulation value. Therefore your monthly insurance charge can be greater or less, depending on investment performance.

In general, our cost of insurance rates increase with the insured person's age. The longer you own your Policy, the higher the cost of insurance rate will be. Also, our cost of insurance rates will generally be lower if the insured person is a female than if a male.

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Similarly, our current cost of insurance rates are generally lower for non-smokers than smokers. Insured persons who present particular health, occupational or non-work related risks may be charged higher cost of insurance rates and other additional charges based on the specified amount of insurance coverage under their Policy.

We may offer the Policy on a guaranteed issue basis to certain groups or classes based on our established guidelines, including face amount limitations. Our cost of insurance rates will generally be higher for a guaranteed issue Policy, because there is no medical underwriting. An insured person with no particular health risk would generally pay more for a Policy issued on a guaranteed issue basis.

Our cost of insurance rates also are generally higher under a Policy that has been in force for some period of time than they would be under an otherwise identical Policy purchased more recently on the same insured person.

Monthly charges for additional benefit riders. We will deduct charges monthly from your accumulation value, if you select additional benefit riders. The charges for any rider you select will vary by Policy within a range based on either the personal characteristics of the insured person or the specific coverage you choose under the rider. The riders we offer are flexible term rider, return of premium rider and maturity extension rider. The riders are described beginning on page 29, under "Additional Benefit Riders." The specific charges for any riders you choose are shown on page 3 of your Policy. AGL receives these charges to pay for the benefits under the riders and to help offset the risks we assume.

Partial surrender processing fee. We will charge a maximum fee equal to the lesser of 2% of the amount withdrawn or \$25 for each partial surrender you make. This charge is currently \$10. AGL receives this charge to help pay for the expense of making a partial surrender. This fee does not apply to reductions in specified amount.

Transfer fee. We will charge a \$25 transfer fee for each transfer between investment options that exceeds 12 each Policy Year. This charge will be deducted from the investment options in the same ratio as the requested transfer. AGL receives this charge to help pay for the expense of making the requested transfer.

Illustrations. If you request illustrations more than once in any Policy year, we may charge \$25 for the illustration. AGL receives this charge to help pay for the expenses of providing additional illustrations.

Policy loans. We remove from your investment options an amount equal to your loan and hold that amount as collateral for the loan. We will credit your

Policy with interest on this collateral amount at a guaranteed annual effective rate of 4% (rather than any amount you could otherwise earn in one of our investment options). We charge you interest on your loan at an annual effective rate of 4.75% for the first seven years payable in arrears and 4.25% thereafter and payable in arrears. Any amount not paid by its due date will automatically be added to the loan balance as an additional loan.

Charge for taxes. We can adjust charges in the future on account of taxes we incur or reserves we set aside for taxes in connection with the Policies. This would reduce the investment experience of your accumulation value. In no event will any adjusted charge exceed the maximum guaranteed charge shown in the Tables of Charges on pages 11 - 14. All maximum guaranteed charges also appear in your Policy.

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For a further discussion regarding these charges we will deduct from your investment in a Policy, see "More About Policy Charges" below.

Allocation of charges. You may choose the investment options from which we deduct all monthly charges. If you do not have enough accumulation value in those investment options, we will deduct these charges in the same ratio the charges bear to the unloaned accumulation value you then have in each investment option.

#### More About Policy Charges

Purpose of our charges. The charges under the Policy are designed to cover, in total, our direct and indirect costs of selling, administering and providing benefits under the Policy. They are also designed, in total, to compensate us for the risks we assume and services that we provide under the Policy. These include:

- . mortality risks (such as the risk that insured persons will, on average, die before we expect, thereby increasing the amount of claims we must pay);
- . sales risks (such as the risk that the number of Policies we sell and the premiums we receive net of withdrawals, are less than we expect, thereby depriving us of expected economies of scale);
- . regulatory risks (such as the risk that tax or other regulations may be changed in ways adverse to issuers of variable life insurance policies); and
- . expense risks (such as the risk that the costs of administrative services that the Policy requires us to provide will exceed what we currently project).

The current monthly insurance charge has been designed primarily to provide funds out of which we can make payments of death benefits under the Policy after the insured person dies.

General. If the charges that we collect from the Policies exceed our total costs in connection with the Policies, we will earn a profit. Otherwise we will incur a loss. We reserve the right to increase the charges to the maximum amounts on Policies issued in the future.

Although the paragraphs above describe the primary purposes for which charges under the Policies have been designed, these purposes are subject to considerable change over the life of a Policy. We can retain or use the revenues from any charge for any purpose.

Change of tobacco use. If the person insured under your Policy is a tobacco user, you may apply to us for an improved risk class if the insured person meets our then applicable requirements for demonstrating that he or she has stopped tobacco use for a sufficient period.

Gender neutral Policy. Our cost of insurance charge rates for a unisex Policy will not be greater than the comparable male rates illustrated in this prospectus.

Congress and the legislatures of various states have from time to time considered legislation that would require insurance rates to be the same for males and females of the same age, rating class and

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tobacco user status. In addition, employers and employee organizations should consider, in consultation with counsel, the impact of Title VII of the Civil Rights Act of 1964 on the purchase of life insurance policies in connection with an employment-related insurance or benefit plan. In a 1983 decision, the United States Supreme Court held that, under Title VII, optional annuity benefits under a deferred compensation plan could not vary on the basis of gender.

Cost of insurance rates. Because of specified amount increases, different cost of insurance rates may apply to different increments of specified amount under your Policy. If so, we attribute your accumulation value first to the oldest increments of specified amount to compute our net amount at risk at each cost of insurance rate. See "Monthly Insurance Charge" beginning on page 36.

#### ACCUMULATION VALUE

Your accumulation value. From each premium payment you make, we deduct the charges that we describe on page 36 under "Premium Expense Charge." We invest the rest in one or more of the investment options listed in the chart beginning on page 17. We call the amount that is at any time invested under your Policy (including any loan collateral we are holding for your Policy loans) your "accumulation value."

Your investment options. We invest the accumulation value that you have allocated to any variable investment option in shares of a corresponding Fund. Over time, your accumulation value in any such investment option will increase or decrease in accordance with the investment experience of the Fund. Your accumulation value will also be reduced by Fund charges and certain other charges that we deduct from your Policy. We describe these charges beginning on page 36 under "Charges under the Policy."

You can review other important information about the Funds that you can choose in the separate prospectuses for those Funds. You can request additional free copies of these prospectuses from your AGL representative or from the Administrative Center. See "Contact Information" on page 5.

We invest any accumulation value you have allocated to the declared fixed interest account as part of our general assets. We credit interest on that accumulation value at a rate which we declare from time to time. We guarantee that the interest will be credited at an annual effective rate of at least 4%. Although this interest increases the amount of any accumulation value that you have in the declared fixed interest account, such accumulation value will also be reduced by any charges that are allocated to this option under the procedures described under "Allocation of charges" on page 38. The "daily charge" described on page 36 and the charges and expenses of the Funds discussed on page 14 do not apply to the declared fixed interest account.

Policies are "non-participating." You will not be entitled to any dividends from AGL.

#### POLICY LAPSE AND REINSTATEMENT

If your Policy's cash surrender value falls to an amount insufficient to cover the monthly charges, we will notify you by letter that you have 61 days from the due date of the premium to pay the necessary charges to avoid lapse of the Policy. If we do not receive your payment by the end of the grace period, your Policy and all riders will end without value and all coverage under your Policy will cease. Although you can apply to have your Policy "reinstated," you must do this within 5 years (or, if earlier, before the Policy's maturity date), and you must present evidence that the insured person still meets our requirements for issuing coverage. In the Policy, you will find additional information about the values and terms of a Policy after it is reinstated. Oregon residents must reinstate within three years.

#### FEDERAL TAX CONSIDERATIONS

Generally, the death benefit paid under a Policy is not subject to income tax, and earnings on your accumulation value are not subject to income tax as long as we do not pay them out to you. If we do pay any amount of your Policy's accumulation value upon surrender, partial surrender, or maturity of your Policy, all or part of that distribution may be treated as a return of the premiums you paid, which is not subject to income tax.

Amounts you receive as Policy loans are not taxable to you, unless you have paid such a large amount of premiums that your Policy becomes what the tax law calls a "modified endowment contract." In that case, the loan will be taxed as if it were a partial surrender. Furthermore, loans, partial surrenders and other distributions from a modified endowment contract may require you to pay

additional taxes and penalties that otherwise would not apply. If your Policy lapses, you may have to pay income tax on a portion of any outstanding loan.

#### Tax Effects

This discussion is based on current federal income tax law and interpretations. The following discussion of federal income tax treatment is general in nature and is not intended as tax advice. You should consult with a competent tax adviser to determine the specific federal tax treatment of your Policy based on your individual factual situation.

We do not know the likelihood of continuation of the present federal income tax laws or of the current interpretations by the Internal Revenue Service. For instance, the United States Congress has in the past and may in the future consider legislation that, if adopted, could significantly affect the tax treatment of corporate-owned life insurance.

Current law provides for limited interest deductibility on indebtedness incurred by a corporation, which is the owner and beneficiary of a contract and which is used to purchase a life insurance, annuity or endowment contract, on the life of an officer or 20% owner of the business. Deductibility on such "key person" insurance is limited to indebtedness that does not exceed an aggregate amount of \$50,000 with respect to all policies covering a given individual. Proposals have been made to change the income tax consequences of corporate owned life insurance. To date, no proposals have been adopted which would affect the taxation of corporate owned life insurance. You should consult your tax adviser for further information.

General. The Policy will be treated as "life insurance" for federal income tax purposes (a) if it meets the definition of life insurance under Section 7702 of the Code and (b) for as long as the

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investments made by the underlying Funds satisfy certain investment diversification requirements under Section 817(h) of the Code. We believe that the Policy will meet these requirements and that:

- . the death benefit received by the beneficiary under your Policy will generally not be subject to federal income tax; and
- . increases in your Policy's accumulation value as a result of interest or investment experience will not be subject to federal income tax unless and until there is a distribution from your Policy, such as a surrender or a partial surrender.

The federal income tax consequences of a distribution from your Policy can be affected by whether your Policy is determined to be a "modified endowment contract", as explained in the following discussion. In all cases, however, the character of all income that is described below as taxable to the payee will be ordinary income (as opposed to capital gain).

Testing for modified endowment contract status. The Code provides for a "seven-pay test." This test determines if your Policy will be a "modified endowment contract."

If, at any time during the first seven Policy years:

- . you have paid a cumulative amount of premiums;
- . the cumulative amount exceeds the premiums you would have paid by the same time under a similar fixed-benefit insurance policy; and
- . the fixed benefit policy was designed (based on certain assumptions mandated under the Code) to provide for paid-up future benefits ("paid-up" means no future premium payments are required) after the payment of seven level annual premiums;

then your Policy will be a modified endowment contract.

Whenever there is a "material change" under a policy, the policy will generally be (a) treated as a new contract for purposes of determining whether the policy is a modified endowment contract and (b) subjected to a new seven-pay period and a new seven-pay limit. The new seven-pay limit would be determined by taking into account, under a prescribed formula, the accumulation value of the policy at the time of such change. A materially changed policy would be considered a modified endowment contract if it failed to satisfy the new seven-pay limit at any time during the new seven-pay period. A "material change" for these purposes could occur as a result of a change in death benefit option. A material change will occur as a result of an increase in your Policy's specified amount and certain other changes.

If your Policy's benefits are reduced during the first seven Policy years (or within seven years after a material change), the calculated seven-pay premium limit will be redetermined based on the reduced level of benefits and applied retroactively for purposes of the seven-pay test. (Such a reduction in benefits could include, for example, a decrease in the specified amount that you request or that results from a partial surrender). If the premiums previously paid are greater than the recalculated seven-payment premium level limit, the Policy will become a modified endowment contract.

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We will monitor your Policy and attempt to notify you on a timely basis to prevent additional premium payments from causing your Policy to become a modified endowment contract.

A life insurance policy that is received in a tax free 1035 exchange for a modified endowment contract will also be considered a modified endowment contract.

Other effects of Policy changes. Changes made to your Policy (for example, a decrease in specified amount that you request or that results from a partial surrender that you request) may also have other effects on your Policy. Such effects may include impacting the maximum amount of premiums that can be paid under your Policy, as well as the maximum amount of accumulation value that may be maintained under your Policy.

Rider benefits. We believe that premium payments and any death benefits or other benefits to be paid under any rider you may purchase under your Policy will not disqualify your Policy as life insurance for tax purposes. However, the tax law related to rider benefits is complex and some uncertainty exists. You should consult a qualified tax adviser regarding any rider you may purchase.

Taxation of pre-death distributions if your Policy is not a modified endowment contract. As long as your Policy remains in force during the insured person's lifetime and not as a modified endowment contract, a Policy loan will be treated as indebtedness, and no part of the loan proceeds will be subject to current federal income tax. Interest on the Policy loan generally will not be tax deductible.

After the first 15 Policy years, the proceeds from a partial surrender will not be subject to federal income tax except to the extent such proceeds exceed your "basis" in your Policy. (Your basis generally will equal the premiums you have paid, less the amount of any previous distributions from your Policy that were not taxable.) During the first 15 Policy years, however, the proceeds from a partial surrender could be subject to federal income tax, under a complex formula, to the extent that your accumulation value exceeds your basis in your Policy.

On the maturity date or upon full surrender, any excess in the amount of proceeds we pay (including amounts we use to discharge any Policy loan) over your basis in the Policy, will be subject to federal income tax. In addition, if a Policy ends after a grace period while there is a Policy loan, the cancellation of such loan and any accrued loan interest will be treated as a distribution and could be subject to federal income tax under the above rules. Finally, if you make an assignment of rights or benefits under your Policy you may be deemed to have received a distribution from your Policy, all or part of which may be taxable.

Taxation of pre-death distributions if your Policy is a modified endowment contract. If your Policy is a modified endowment contract, any distribution from your Policy while the insured person is still living will be taxed on an "income-first" basis. Distributions:

- . include loans (including any increase in the loan amount to pay interest on an existing loan, or an assignment or pledge to secure a loan) or partial surrenders;
- . will be considered taxable income to you to the extent your accumulation value exceeds your basis in the Policy; and

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- . have their taxability determined by aggregating all modified endowment contracts issued by the same insurer (or its affiliates) to the same owner (excluding certain qualified plans) during any calendar year.

For modified endowment contracts, your basis:

- . is similar to the basis described above for other policies; and
- . will be increased by the amount of any prior loan under your Policy that was considered taxable income to you.

A 10% penalty tax also will apply to the taxable portion of most distributions from a policy that is a modified endowment contract. The penalty tax will not, however, apply:

- . to taxpayers 59 1/2 years of age or older;
- . in the case of a disability (as defined in the Code); or
- . to distributions received as part of a series of substantially equal periodic annuity payments for the life (or life expectancy) of the taxpayer or the joint lives (or joint life expectancies) of the taxpayer and his or her beneficiary.

If your Policy ends after a grace period while there is a Policy loan, the cancellation of the loan will be treated as a distribution to the extent not previously treated as such and could be subject to tax, including the 10% penalty tax, as described above. In addition, on the maturity date or upon a full surrender, any excess of the proceeds we pay (including any amounts we use to discharge any Policy loan) over your basis in the Policy, will be subject to federal income tax and, unless one of the above exceptions applies, the 10% penalty tax.

Distributions that occur during a Policy year in which your Policy becomes a modified endowment contract, and during any subsequent Policy years, will be taxed as described in the two preceding paragraphs. In addition, distributions from a policy within two years before it becomes a modified endowment contract also will be subject to tax in this manner. This means that a distribution made from a policy that is not a modified endowment contract could later become taxable as a distribution from a modified endowment contract.

Policy lapses and reinstatements. A Policy which has lapsed may have the tax consequences described above, even though you may be able to reinstate that Policy. For tax purposes, some reinstatements may be treated as the purchase of a new insurance contract.

Diversification and investor control. Under Section 817(h) of the Code, the Treasury Department has issued regulations that implement investment diversification requirements. Our failure to comply with these regulations would disqualify your Policy as a life insurance policy under Section 7702 of the Code. If this were to occur, you would be subject to federal income tax on the income under the Policy for the period of the disqualification and for subsequent periods. Also, if the insured died during such period of disqualification or subsequent periods, a portion of the death benefit proceeds would be taxable to the beneficiary. Separate Account VL-R, through the Funds, intends to comply with these requirements. Although we do not have direct control over the investments or

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activities of the Funds, we will enter into agreements with them requiring the Funds to comply with the diversification requirements of the Section 817(h) Treasury Regulations.

The Treasury Department has stated that it anticipates the issuance of guidelines prescribing the circumstances in which the ability of a policy owner to direct his or her investment to particular Funds within Separate Account VL-R may cause the policy owner, rather than the insurance company, to be treated as the owner of the assets in the account. Due to the lack of specific guidance on investor control, there is some uncertainty about when a policy owner is considered the owner of the assets for tax purposes. If you were considered the owner of the assets of Separate Account VL-R, income and gains from the account would be included in your gross income for federal income tax purposes. Under current law, however, we believe that AGL, and not the owner of a Policy, would be considered the owner of the assets of Separate Account VL-R.

Estate and generation skipping taxes. If the insured person is the Policy's owner, the death benefit under the Policy will generally be includable in the owner's estate for purposes of federal estate tax. If the owner is not the insured person, under certain conditions, only an amount approximately equal to the cash surrender value of the Policy would be includable. In addition, an unlimited marital deduction may be available for Federal estate tax purposes. The federal estate tax is integrated with the federal gift tax under a unified rate schedule.

The enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 (P.L. 107-16) (the 2001 Act) brought significant change to the transfer tax system, the most notable being the repeal of the estate and generation-skipping transfer (GST) taxes in 2010. Prior to repeal, a number of modifications are made to the maximum estate tax rate and the estate and gift tax applicable exclusion amounts. The 2001 Act increases the estate tax applicable exclusion amount to \$1.5 million for decedents dying in 2005. In order to comply with the Congressional Budget Act of 1974, the 2001 Act provides that all provisions of, and amendments made by, the 2001 Act will not apply to estates of decedents dying, gifts made, or generation-skipping transfers, after December 31, 2010. Unless Congress acts affirmatively in the interim, the Internal Revenue Code will thereafter be applied and administered as if these provisions had not been enacted.

As a general rule, if a "transfer" is made to a person two or more generations younger than the Policy's owner, a generation skipping tax may be payable at rates similar to the maximum estate tax rate in effect at the time. The generation skipping tax provisions generally apply to "transfers" that would be subject to the gift and estate tax rules. Individuals are generally allowed an aggregate generation skipping tax exemption of \$1.5 million in 2005. Because these rules are complex, you should consult with a qualified tax adviser for specific information, especially where benefits are passing to younger generations.

The particular situation of each Policy owner, insured person or beneficiary will determine how ownership or receipt of Policy proceeds will be treated for purposes of federal estate and generation skipping taxes, as well as state and local estate, inheritance and other taxes.

Life Insurance in split dollar arrangements. The IRS and Treasury issued final regulations on split dollar life insurance arrangements September 11, 2003. The final regulations substantially adopted prior proposed regulations.

In general, a split dollar insurance arrangement involves two parties agreeing to split the premium and/or benefits of a life insurance policy. These arrangements are often used as a type of

employee compensation or for making gifts among family members. The regulations provide two mutually exclusive regimes for taxing split dollar life insurance arrangements: the "economic benefit" regime and the "loan" regime. The economic benefit regime, under which the non-owner of the policy is treated as receiving certain economic benefits from its owner, applies to endorsement arrangements and most non-equity split dollar life insurance arrangements. The loan regime applies to collateral assignment arrangements and other arrangements in which the non-owner could be treated as loaning amounts to the owner. These final regulations apply to any split dollar life insurance arrangement entered into after September 17, 2003. Additionally, these regulations apply to any split dollar life insurance arrangements entered into before September 17, 2003, if the arrangement is materially modified after September 17, 2003.

In addition, it should be noted that split dollar arrangement characterized as loans for tax purposes may be affected by the Corporate Responsibility Act of 2002 also referred to as the Sarbanes-Oxley Act of 2002 (the "Act"). The Act prohibits loans from companies publicly traded in the United States to their executives and officers. The status of split dollar arrangement under the Act is uncertain, in part because the SEC may view the tax treatment of such arrangements as instructive.

Purchasers of life insurance policies are strongly advised to consult with a qualified tax adviser to determine the tax treatment resulting from a split dollar arrangement.

Pension and profit-sharing plans. If a life insurance policy is purchased by a trust or other entity that forms part of a pension or profit-sharing plan qualified under Section 401(a) of the Code for the benefit of participants covered under the plan, the federal income tax treatment of such policies will be somewhat different from that described above.

The reasonable net premium cost for such amount of insurance that is purchased as part of a pension or profit-sharing plan is required to be included annually in the plan participant's gross income. This cost (generally referred to as the "P.S. 58" cost) is reported to the participant annually. If the plan participant dies while covered by the plan and the policy proceeds are paid to the participant's beneficiary, then the excess of the death benefit over the policy's accumulation value will not be subject to federal income tax. However, the policy's accumulation value will generally be taxable to the extent it exceeds the participant's cost basis in the policy. The participant's cost basis will generally include the costs of insurance previously reported as income to the participant. Special rules may apply if the participant had borrowed from

the policy or was an owner-employee under the plan. The rules for determining P.S. 58 costs are currently provided under Notice 2002-8, I.R.B. 2002-4.

There are limits on the amounts of life insurance that may be purchased on behalf of a participant in a pension or profit-sharing plan. Complex rules, in addition to those discussed above, apply whenever life insurance is purchased by a tax qualified plan. You should consult a qualified tax adviser.

Other employee benefit programs. Complex rules may also apply when a policy is held by an employer or a trust, or acquired by an employee, in connection with the provision of other employee benefits. These policy owners must consider whether the policy was applied for by or issued to a person having an insurable interest under applicable state law and with the insured person's consent. The lack of an insurable interest or consent may, among other things, affect the qualification of the policy as life insurance for federal income tax purposes and the right of the beneficiary to receive a death benefit.

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ERISA. Employers and employer-created trusts may be subject to reporting, disclosure and fiduciary obligations under the Employee Retirement Income Security Act of 1974, as amended. You should consult a qualified legal adviser.

Our taxes. We report the operations of Separate Account VL-R in our federal income tax return, but we currently pay no income tax on Separate Account VL-R's investment income and capital gains, because these items are, for tax purposes, reflected in our variable life insurance policy reserves. We currently make no charge to any Separate Account VL-R division for taxes. We reserve the right to make a charge in the future for taxes incurred; for example, a charge to Separate Account VL-R for income taxes we incur that are allocable to the Policy.

We may have to pay state, local or other taxes in addition to applicable taxes based on premiums. At present, these taxes are not substantial. If they increase, we may make charges for such taxes when they are attributable to Separate Account VL-R or allocable to the Policy.

Certain Funds in which your accumulation value is invested may elect to pass through to AGL taxes withheld by foreign taxing jurisdictions on foreign source income. Such an election will result in additional taxable income and income tax to AGL. The amount of additional income tax, however, may be more than offset by credits for the foreign taxes withheld which are also passed through. These credits may provide a benefit to AGL.

When we withhold income taxes. Generally, unless you provide us with an election to the contrary before we make the distribution, we are required to withhold income tax from any proceeds we distribute as part of a taxable transaction under your Policy. In some cases, where generation skipping taxes may apply, we may also be required to withhold for such taxes unless we are provided satisfactory written notification that no such taxes are due.

In the case of non-resident aliens who own a Policy, the withholding rules may be different. With respect to distributions from modified endowment contracts, non-resident aliens are generally subject to federal income tax withholding at a statutory rate of 30% of the distributed amount. In some cases, the non-resident alien may be subject to lower or even no withholding if the United States has entered into a tax treaty with his or her country of residence.

Tax changes. The U.S. Congress frequently considers legislation that, if enacted, could change the tax treatment of life insurance policies. In addition, the Treasury Department may amend existing regulations, issue regulations on the qualification of life insurance and modified endowment contracts, or adopt new interpretations of existing law. State and local tax law or, if you are not a U.S. citizen and resident, foreign tax law, may also affect the tax consequences to you, the insured person or your beneficiary, and are subject to change. Any changes in federal, state, local or foreign tax law or interpretation could have a retroactive effect. We suggest you consult a qualified tax adviser.

#### LEGAL PROCEEDINGS

AGL is a party to various lawsuits and proceedings arising in the ordinary course of business. Many of these lawsuits and proceedings arise in jurisdictions that permit damage awards disproportionate to the actual damages incurred. Based upon information presently available, AGL believes that the total amounts that will ultimately be paid, if any, arising from these lawsuits and proceedings will not have a material adverse effect on AGL's results of operations and financial position.

The principal underwriter and distributor of the Policies, American General Equity Services Corporation ("AGESC"), offered general securities prior to October 1, 2002. As a consequence, AGESC is engaged in certain legal matters related to its previous line of business. AGESC believes that none of these legal matters are of any materiality. More information about AGESC can be found in the SAI.

#### FINANCIAL STATEMENTS

The Financial Statements of AGL and the Separate Account can be found in the SAI. Please see the back cover of this prospectus for information on how to obtain a copy of the SAI.

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THIS DOCUMENT IS NOT PART OF ANY PROSPECTUS.

[LOGO] AIG AMERICAN GENERAL

Privacy Notice

AIG American General knows that your privacy is important. You have received this notice as required by law and because you are now or may be a customer of one of our companies. This notice will advise you of the types of Nonpublic Personal Information we collect, how we use it, and what we do to protect your privacy.

"Nonpublic Personal Information" refers to personally identifiable information that is not available to the public.

"Employees, Representatives, Agents, and Selected Third Parties" refers to individuals or entities who act on our behalf.

- . Our Employees, Representatives, Agents, and Selected Third Parties may collect Nonpublic Personal Information about you, including information:
  - . Given to us on applications or other forms;
  - . About transactions with us, our affiliates, or third parties;
  - . From others, such as credit reporting agencies, employers, and federal and state agencies.
- . The types of Nonpublic Personal Information we collect depends on the products we offer to you and may include your: name; address; Social Security Number; account balances; income; assets; insurance premiums; coverage and beneficiaries; credit reports; marital status; and payment history. We may also collect Nonpublic Personal Health Information, such as medical reports, to underwrite insurance policies, process claims, or for other related functions.
- . We restrict access to Nonpublic Personal Information to those Employees, Representatives, Agents, or Selected Third Parties who provide products or services to you and who have been trained to handle Nonpublic Personal Information as described in this Notice.
- . We have policies and procedures that direct our Employees, Representatives, Agents and Selected Third Parties acting for us, on how to protect and use Nonpublic Personal Information.
- . We have physical, electronic, and procedural safeguards in place that were designed to protect Nonpublic Personal Information.
- . We do not share Nonpublic Personal Information about you except as allowed by law.
- . We may disclose all types of Nonpublic Personal Information that we collect, including information regarding your transactions or experiences with us, when needed, to:
  - (i) Affiliated AIG American General companies, including the American International Group Inc. family of companies, and Employees, Representatives, Agents, and Selected Third Parties as permitted by law; or
  - (ii) other organizations with which we have joint marketing agreements as permitted by law.
- . The types of companies and persons to whom we may disclose Nonpublic Personal Information as permitted by law include: banks; attorneys; trustees; third-party administrators; insurance agents; insurance companies; insurance support organizations; credit reporting agencies; registered broker-dealers; auditors; regulators; and reinsurers.
- . We do not share your Nonpublic Personal Health Information unless authorized by you or allowed by law.
- . Our privacy policy applies, to the extent required by law, to our agents and representatives when they are acting on behalf of AIG American General.
- . You will be notified if our privacy policy changes.
- . Our privacy policy applies to current and former customers.

This Privacy Notice is given to you for your information only. You do not need to call or take any action.

This Privacy Notice is provided on behalf of the following companies:

AGC Life Insurance Company, AIG Life Insurance Company of Puerto Rico, AIG Life Insurance Company, AIG Life of Bermuda, Ltd., AIG Premier Insurance Company, American General Assurance Company, American General Equity Services Corporation, American General Indemnity Company, American General Life and Accident Insurance Company, American General Life Insurance Company, American General Property Insurance Company of Florida, American General Property Insurance Company, American General Securities Incorporated, American International Life Assurance Company of New York, Delaware American Life Insurance Company, Pacific Union Assurance Company, The United States Life Insurance Company in the City of New York, USLIFE Credit Life Insurance Company of Arizona

California, New Mexico and Vermont Residents Only:

Following the law of your state, we will not disclose nonpublic personal financial information about you to nonaffiliated third parties (other than as permitted by law) unless you authorize us to make that disclosure. Your authorization must be in writing. If you wish to authorize us to disclose your nonpublic personal financial information to nonaffiliated third parties, you may write to us at: American General Service Center, P.O. Box 4373, Houston, Texas 77210-4373.

AGLC0375 REV0305

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LOGO [AIG AMERICAN GENERAL]

For additional information about the Corporate America Policies and the Separate Account, you may request a copy of the Statement of Additional Information (the "SAI"), dated May 2, 2005. We have filed the SAI with the SEC and have incorporated it by reference into this prospectus. You may obtain a free copy of the SAI and the Policy or Fund prospectuses if you write us at our Administrative Center, which is located at 2727-A Allen Parkway, Houston, Texas 77019 or call us at (713) 831-3443. You may also obtain the SAI from an insurance representative through which the Policies may be purchased. Additional information about the Corporate America Policies, including, personalized illustrations of death benefits, cash surrender values, and cash values is available without charge to individuals considering purchasing a Policy, upon request to the same address or phone number printed above. We may charge current Policy owners \$25 per illustration if they request more than one personalized illustration in a Policy year.

Information about the Separate Account, including the SAI, can also be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Inquiries on the operations of the Public Reference Room may be made by calling the SEC at 1-202-942-8090. Reports and other information about the Separate Account are available on the SEC's Internet site at <http://www.sec.gov> and copies of this information may be obtained, upon payment of a duplicating fee, by writing the Public Reference Section of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549-0102.

Policies issued by:

American General Life Insurance Company  
A member company of American International Group, Inc.  
2727-A Allen Parkway, Houston, TX 77019

Corporate America Flexible Premium Variable Life Insurance  
Policy Form Number 99301

Not available in the state of New York

Distributed by American General Equity Services Corporation  
Member NASD  
A member company of American International Group, Inc.

The underwriting risks, financial obligations and support functions associated with the products issued by American General Life Insurance Company ("AGL") are solely its responsibility. AGL is responsible for its own financial condition and contractual obligations. AGL does not solicit business in the state of New York. The Policies are not available in all states.

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|-----|
|To view and print Policy|
| or Fund prospectuses |
|   visit us at   |
|   www.aigag.com |
|   |
|   For E-Service and |
| E-Delivery, see page 16|
|   of this prospectus. |
|-----|
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LOGO [IMSA]  
INSURANCE MARKETPLACE  
STANDARDS ASSOCIATION

Membership in IMSA applies only to  
American General Life Insurance  
Company and not to its products.

ICA File No. 811-08561

AMERICAN GENERAL LIFE INSURANCE COMPANY

SEPARATE ACCOUNT VL-R

CORPORATE AMERICA

FLEXIBLE PREMIUM VARIABLE LIFE INSURANCE POLICIES

ISSUED BY

AMERICAN GENERAL LIFE INSURANCE COMPANY

VUL ADMINISTRATION DEPARTMENT

P.O. BOX 4880, HOUSTON, TEXAS 77210-4880

TELEPHONE: 1-800-340-2765; 1-713-831-3443; HEARING IMPAIRED: 1-888-436-5258

STATEMENT OF ADDITIONAL INFORMATION

DATED MAY 2, 2005

This Statement of Additional Information ("SAI") is not a prospectus. It should be read in conjunction with the prospectus for American General Life Insurance Company Separate Account VL-R (the "Separate Account" or "Separate Account VL-R") dated May 2, 2005, describing the Corporate America flexible premium variable life insurance policies (the "Policy" or "Policies"). The Policy prospectus sets forth information that a prospective investor should know before investing. For a copy of the Policy prospectus, and any prospectus supplements, contact American General Life Insurance Company ("AGL") at the address or telephone numbers given above. Terms used in this SAI have the same meanings as are defined in the Policy prospectus.

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GENERAL INFORMATION

AGL

We are American General Life Insurance Company ("AGL"). AGL is a stock

life insurance company organized under the laws of Texas. AGL is a successor in interest to a company originally organized under the laws of Delaware on January 10, 1917. AGL is an indirect, wholly-owned subsidiary of American International Group, Inc. ("AIG"). AIG, a Delaware corporation, is a holding company which through its subsidiaries is primarily engaged in a broad range of insurance and insurance-related activities and financial services in the United States and abroad. AIG American General is a marketing name of AGL and its affiliates. The commitments under the Policies are AGL's, and AIG has no legal obligation to back those commitments.

AGL is a member of the Insurance Marketplace Standards Association ("IMSA"). IMSA is a voluntary membership organization created by the life insurance industry to promote ethical market conduct for life insurance and annuity products. AGL's membership in IMSA applies only to AGL and not its products.

#### Separate Account VL-R

We hold the Fund shares in which any of your accumulation value is invested in Separate Account VL-R. Separate Account VL-R is registered as a unit investment trust with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940. We created the Separate Account on May 6, 1997 under Texas law.

For record keeping and financial reporting purposes, Separate Account VL-R is divided into 63 separate "divisions," 33 of which are available under the Policies offered by the Policy prospectus as variable "investment options" (one of these 33 investment options is not available to all Policy owners). All of these 33 divisions and the remaining 30 divisions are offered under other AGL policies. We hold the Fund shares in which we invest your accumulation value for an investment option in the division that corresponds to that investment option.

The assets in Separate Account VL-R are our property. The assets in the Separate Account may not be used to pay any liabilities of AGL other than those arising from the Policies. AGL is obligated to pay all amounts under the Policies due the Policy owners. We act as custodian for the Separate Account's assets.

#### SERVICES

AGL and American General Life Companies, LLC ("AGLC"), are parties to a services agreement. AGL and AGLC are each indirect wholly-owned subsidiaries of AIG and therefore affiliates of one another. AGLC is a Delaware limited liability company established on August 30, 2002. Prior to that date, AGLC was a Delaware business trust. Its address is 2727-A Allen Parkway, Houston, Texas 77019-2191. Under the services agreement, AGLC provides shared services to AGL and certain other life insurance companies under the AIG holding company system at cost. Those

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services include data processing systems, customer services, product development, actuarial, internal auditing, accounting and legal services. During 2004, 2003 and 2002, AGL paid AGLC for these services \$329,659,308, \$299,019,857 and \$99,267,147, respectively. Services provided in 2003 increased substantially over previous years.

We have not designed the Policies for professional market timing organizations or other entities or individuals using programmed and frequent transfers involving large amounts. We currently have no contractual agreements or any other formal or informal arrangements with any entity or individual permitting such transfers and receive no compensation for any such contract or arrangement.

#### DISTRIBUTION OF THE POLICIES

American General Equity Services Corporation ("AGESC"), #1 Franklin Square, Springfield, Illinois 62713, a Delaware corporation and a direct wholly-owned subsidiary of AGL, is the principal underwriter and distributor of the Policies for the Separate Account under a Distribution Agreement between AGESC and AGL. AGESC also acts as principal underwriter for AGL's other separate accounts and for the separate accounts of certain AGL affiliates. AGESC is a registered broker-dealer under the Securities Exchange Act of 1934, as amended and a member of the National Association of Securities Dealers, Inc. ("NASD"). AGESC, as the principal underwriter and distributor, is not paid any fees on the Policies.

The Policies are offered on a continuous basis.

We and AGESC have sales agreements with various broker-dealers and banks under which the Policies will be sold by registered representatives of the broker-dealers or employees of the banks. These registered representatives and employees are also required to be authorized under applicable state regulations

as life insurance agents to sell variable life insurance. The broker-dealers are ordinarily required to be registered with the SEC and must be members of the NASD.

We pay compensation directly to broker-dealers and banks for promotion and sales of the Policies. The compensation may vary with the sales agreement, but is generally not expected to exceed:

- . in the first Policy year, 20% of the premiums paid up to a "target" amount and 4% of the premiums in excess of the target amount;
- . in Policy years 2 through 7, 8% of the premiums paid up to the target amount and 3-1/2% of the premiums in excess of the target amount;
- . in Policy years 8 through 15, 3% of the premiums paid up to the target amount, 2% of the premiums in excess of the target amount and 0.15% of the Policy's accumulation value (reduced by any outstanding loans);

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- . in Policy years 16 and thereafter, 2% of the premiums paid up to the target amount, 2% of the premiums in excess of the target amount; and 0.10% of the Policy's accumulation value (reduced by any outstanding loans);
- . a comparable amount of compensation to broker-dealers or banks with respect to any increase in the specified amount of coverage that you request; and
- . any amounts that we may pay for broker-dealers or banks expense allowances, bonuses, wholesaler fees, training allowances or additional compensation for the Policies.

The greater the amount of death benefit you select by using the Flexible Term Rider, the less compensation we would pay for the sale of the Policy. We will pay the maximum level of compensation if the owner chooses only the base Policy death benefit.

The maximum value of any alternative amounts we may pay for sales of the Policy is expected to be equivalent over time to the amounts described above. For example, we may pay a broker-dealer compensation in a lump sum which will not exceed the aggregate compensation described above.

We pay the compensation directly to any selling broker-dealer firm. We pay the compensation from our own resources which does not result in any additional charge to you that is not described in the Policy prospectus. Each broker-dealer firm, in turn, may compensate its registered representative who acts as an agent in selling you a Policy.

#### PERFORMANCE INFORMATION

From time to time, we may quote performance information for the divisions of Separate Account VL-R in advertisements, sales literature, or reports to owners or prospective investors.

We may quote performance information in any manner permitted under applicable law. We may, for example, present such information as a change in a hypothetical owner's cash value or death benefit. We also may present the yield or total return of the division based on a hypothetical investment in a Policy. The performance information shown may cover various periods of time, including periods beginning with the commencement of the operations of the division or the Fund in which it invests. The performance information shown may reflect the deduction of one or more charges, such as the premium charge, and we generally expect to exclude costs of insurance charges because of the individual nature of these charges. We also may present the yield or total return of the investment option in which a division invests.

We may compare a division's performance to that of other variable life separate accounts or investment products, as well as to generally accepted indices or analyses, such as those provided by research firms and rating services. In addition, we may use performance ratings that may be reported periodically in financial publications, such as Money Magazine, Forbes, Business Week, Fortune, Financial Planning and The Wall Street Journal. We also may advertise ratings of AGL's financial

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strength or claims-paying ability as determined by firms that analyze and rate

insurance companies and by nationally recognized statistical rating organizations.

#### ADDITIONAL INFORMATION ABOUT THE POLICIES

Gender neutral policies. Congress and the legislatures of various states have from time to time considered legislation that would require insurance rates to be the same for males and females of the same age, premium class and tobacco user status. In addition, employers and employee organizations should consider, in consultation with counsel, the impact of Title VII of the Civil Rights Act of 1964 on the purchase of life insurance policies in connection with an employment-related insurance or benefit plan. In a 1983 decision, the United States Supreme Court held that, under Title VII, optional annuity benefits under a deferred compensation plan could not vary on the basis of gender. In general, we do not offer the Policies for sale in situations which, under current law, require gender-neutral premiums or benefits.

Cost of insurance rates. Because of specified amount increases, different cost of insurance rates may apply to different increments of specified amount under your Policy. If so, we attribute your accumulation value proportionately to each increment of specified amount to compute our net amount at risk.

Certain arrangements. Most of the advisers or administrators of the Funds make certain payments to us, on a quarterly basis, for certain administrative, Policy, and Policy owner support expenses. These amounts will be reasonable for the services performed and are not designed to result in a profit. These amounts will not be paid by the Funds or Policy owners.

#### More About The Fixed Account

Our general account. Our general account assets are all of our assets that we do not hold in legally segregated separate accounts. Our general account supports our obligations to you under your Policy's declared Fixed Account. Because of applicable exemptions, no interest in this option has been registered under the Securities Act of 1933, as amended. Neither our general account nor our Fixed Account is an investment company under the Investment Company Act of 1940. We have been advised that the staff of the SEC has not reviewed the disclosures that are included in this prospectus for your information about our general account or our Fixed Account. Those disclosures, however, may be subject to certain generally applicable provisions of the federal securities laws relating to the accuracy and completeness of statements made in prospectuses.

How we declare interest. Except for amounts held as collateral for loans, we can at any time change the rate of interest we are paying on any accumulation value allocated to our Fixed Account, but it will always be at an effective annual rate of at least 4%.

Under these procedures, it is likely that at any time different interest rates will apply to different portions of your accumulation value, depending on when each portion was allocated to our fixed Account. Any charges, partial surrenders, or loans that we take from any accumulation value

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that you have in our fixed Account will be taken from each portion in reverse chronological order based on the date that accumulation value was allocated to this option.

#### Adjustments to Death Benefit

Suicide. If the insured person commits suicide during the first two Policy years, we will limit the proceeds payable to the total of all premiums that have been paid to the time of death minus any outstanding Policy loans (plus credit for any unearned interest) and any partial surrenders.

A new two-year period begins if you increase the specified amount. You can increase the specified amount only if the insured person is living at the time of the increase. In this case, if the insured person commits suicide during the first two years following the increase, we will refund the monthly insurance deductions attributable to the increase. The death benefit will then be based on the specified amount in effect before the increase.

Wrong age or gender. If the age or gender of the insured person was misstated on your application for a Policy (or for any increase in benefits), we will adjust any death benefit to be what the monthly insurance charge deducted for the current month would have purchased based on the correct information.

Death during grace period. We will deduct from the insurance proceeds any monthly charges that remain unpaid because the insured person died during a grace period.

ACTUARIAL EXPERT

Actuarial matters have been examined by Wayne A. Barnard who is Senior Vice President of AGL. His opinion on actuarial matters is filed as an exhibit to the registration statement we have filed with the SEC in connection with the Policies.

#### MATERIAL CONFLICTS

We are required to track events to identify any material conflicts from using investment portfolios for both variable life and variable annuity separate accounts. The boards of the Funds, AGL, and other insurance companies participating in the Funds have this same duty. There may be a material conflict if:

- . state insurance law or federal income tax law changes;
- . investment management of an investment portfolio changes; or
- . voting instructions given by owners of variable life insurance Policies and variable annuity contracts differ.

The investment portfolios may sell shares to certain qualified pension and retirement plans qualifying under Code Section 401. These include cash or deferred arrangements under Code

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Section 401(k). Therefore, there is a possibility that a material conflict may arise between the interests of owners in general, or certain classes of owners, and these retirement plans or participants in these retirement plans.

If there is a material conflict, we have the duty to determine appropriate action, including removing the portfolios involved from our variable investment options. We may take other action to protect Policy owners. This could mean delays or interruptions of the variable operations.

When state insurance regulatory authorities require us, we may ignore instructions relating to changes in an investment portfolio's adviser or its investment policies. If we do ignore voting instructions, we give you a summary of our actions in the next semi-annual report to owners.

Under the Investment Company Act of 1940, we must get your approval for certain actions involving our Separate Account. In this case, you have one vote for every \$100 of value you have in the variable investment options. We cast votes credited to amounts in the variable investment options not credited to Policies in the same proportion as votes cast by owners.

#### FINANCIAL STATEMENTS

In 2002, due to AIG's acquisition of AGL and its affiliated companies, AGL changed its independent auditor from Ernst & Young LLP, located at 1401 McKinney Street, Suite 1200, 5 Houston Center, Houston, Texas 77010 to PricewaterhouseCoopers LLP ("PWC") located at 1201 Louisiana Street, Suite 2900, Houston, Texas 77002-5678. AIG has been using PWC as its corporate-wide auditing firm.

#### Separate Account Financial Statements

The statement of net assets as of December 31, 2004 and the related statement of operations for the year then ended and statements of changes in net assets for the two years ended December 31, 2004 of the Separate Account, appearing herein, have been audited by PWC, independent registered public accounting firm, on the authority of such firm as experts in accounting and auditing, as set forth in their report appearing elsewhere herein.

#### AGL Financial Statements

The consolidated balance sheets of AGL as of December 31, 2004 and 2003 and the related statements of income, shareholder's equity, comprehensive income and cash flows for the three years ended December 31, 2004, appearing herein, have been audited by PWC, independent registered public accounting firm, on the authority of such firm as experts in accounting and auditing, as set forth in their report appearing elsewhere herein.

#### Index to Financial Statements

You should consider the financial statements of AGL that we include in this SAI primarily as bearing on the ability of AGL to meet its obligations under the Policies.

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[LOGO] AIG AMERICAN GENERAL

Variable Universal Life Insurance  
Separate Account VL-R

2004  
Annual Report

December 31, 2004

American General Life Insurance Company  
A member company of American International Group, Inc.

[LETTERHEAD] PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP  
Suite 2900  
1201 Louisiana  
Houston, TX 77002-5678  
Telephone (713) 356-4000

Report of Independent Registered Public Accounting Firm

To the Board of Directors of American General Life Insurance Company and Policy Owners of American General Life Insurance Company Separate Account VL-R

In our opinion, the accompanying statement of net assets, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of each of the Divisions listed in Note A of American General Life Insurance Company Separate Account VL-R (the "Separate Account") at December 31, 2004, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the three years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Separate Account's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements 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. An audit 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, which included confirmation of securities at December 31, 2004 by correspondence with the investment companies, provide a reasonable basis for our opinion. The financial highlights as of and for the year ended December 31, 2001 were audited by other independent auditors whose report dated March 7, 2002, expressed an unqualified opinion thereon.

As discussed in Note H to the financial statements, the Separate Account has restated net investment income (loss) and capital gain distributions from mutual funds for certain Divisions for the year ended December 31, 2003, and the related investment income ratio for the years ended December 31, 2003 and 2002.

PRICEWATERHOUSECOOPERS LLP

April 29, 2005

VL-R-1

AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF NET ASSETS  
December 31, 2004

<TABLE>  
<CAPTION>

| Divisions   | Investment securities - at fair value | Due from (to) American General Life Insurance Company | Net Assets   |
|---|---------------------------------------|---|--------------|
| <S>   | <C>                                   | <C>   | <C>          |
| AIM V.I. International Growth Fund - Series I                           | \$ 7,563,147                          | \$ 6  | \$ 7,563,153 |
| AIM V.I. Premier Equity Fund - Series I                                 | 13,152,254                            | 1   | 13,152,255   |
| Alger American Leveraged AllCap Portfolio - Class O Shares              | 545,330                               | 6   | 545,336      |
| Alger American MidCap Growth Portfolio - Class O Shares                 | 993,231                               | 4   | 993,235      |
| American Century VP Value Fund - Class I                                | 14,474,643                            | 10  | 14,474,653   |
| Ayco Growth Fund  | --                                    | --  | --           |
| Credit Suisse Small Cap Growth Portfolio                                | 1,893,798                             | (5)   | 1,893,793    |
| Dreyfus IP MidCap Stock Portfolio - Initial shares                      | 3,846,771                             | (1)   | 3,846,770    |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares               | 11,920,104                            | 1   | 11,920,105   |
| Dreyfus VIF Quality Bond Portfolio - Initial shares                     | 8,065,115                             | (5)   | 8,065,110    |
| Fidelity VIP Asset Manager Portfolio - Service Class 2                  | 4,840,496                             | --  | 4,840,496    |
| Fidelity VIP Contrafund Portfolio - Service Class 2                     | 16,620,579                            | (3)   | 16,620,576   |
| Fidelity VIP Equity-Income Portfolio - Service Class 2                  | 17,326,174                            | (5)   | 17,326,169   |
| Fidelity VIP Growth Portfolio - Service Class 2                         | 11,490,581                            | 1   | 11,490,582   |
| Fidelity VIP Mid Cap Portfolio - Service Class 2                        | 1,118,796                             | 4   | 1,118,800    |
| Franklin Templeton - Franklin Small Cap Fund - Class 2                  | 157,374                               | 2   | 157,376      |
| Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2 | 1,175,221                             | 4   | 1,175,225    |
| Franklin Templeton - Franklin U.S. Government Fund - Class 2            | 11,474,861                            | (10)  | 11,474,851   |
| Franklin Templeton - Mutual Shares Securities Fund - Class 2            | 7,724,611                             | 4   | 7,724,615    |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2        | 11,266,401                            | 7   | 11,266,408   |
| Goldman Sachs Capital Growth Fund                                       | 8,695,097                             | 8   | 8,695,105    |
| Janus Aspen Series International Growth Portfolio - Service Shares      | 3,280,905                             | (7)   | 3,280,898    |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares            | 2,643,890                             | --  | 2,643,890    |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares          | 4,019,074                             | (1)   | 4,019,073    |
| JPMorgan Mid Cap Value Portfolio  | 509,644                               | 5   | 509,649      |
| JPMorgan Small Company Portfolio  | 1,785,141                             | 1   | 1,785,142    |
| MFS VIT Capital Opportunities Series - Initial Class                    | 4,217,754                             | (4)   | 4,217,750    |
| MFS VIT Emerging Growth Series - Initial Class                          | 14,668,356                            | (10)  | 14,668,346   |
| MFS VIT New Discovery Series - Initial Class                            | 3,452,798                             | 4   | 3,452,802    |
| MFS VIT Research Series - Initial Class                                 | 1,781,804                             | (16)  | 1,781,788    |
| MFS VIT Total Return Series - Initial Class                             | 912,933                               | 1   | 912,934      |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I                 | 2,808,001                             | (3)   | 2,807,998    |
| Neuberger Berman AMT Partners Portfolio - Class I                       | 137,641                               | 2   | 137,643      |
| Oppenheimer Balanced Fund/VA - Non-Service Shares                       | 660,047                               | 5   | 660,052      |
| Oppenheimer Global Securities Fund/VA - Non-Service Shares              | 1,085,642                             | 7   | 1,085,649    |
| Oppenheimer High Income Fund/VA - Non-Service Shares                    | 100,163                               | --  | 100,163      |
| PIMCO VIT Real Return Portfolio - Administrative Class                  | 13,041,675                            | --  | 13,041,675   |
| PIMCO VIT Short-Term Portfolio - Administrative Class                   | 5,997,396                             | 5   | 5,997,401    |
| PIMCO VIT Total Return Portfolio - Administrative Class                 | 11,861,073                            | 26  | 11,861,099   |
| Pioneer Fund VCT Portfolio - Class I                                    | 3,345,341                             | --  | 3,345,341    |
| Pioneer Growth Opportunities VCT Portfolio - Class I                    | 5,632,694                             | (1)   | 5,632,693    |
| Putnam VT Diversified Income Fund - Class IB                            | 7,533,333                             | 5   | 7,533,338    |
| Putnam VT Growth and Income Fund - Class IB                             | 18,083,616                            | 2   | 18,083,618   |
| Putnam VT International Growth and Income Fund - Class IB               | 5,485,413                             | 11  | 5,485,424    |
| Putnam VT Small Cap Value Fund - Class IB                               | 497,050                               | 10  | 497,060      |
| Putnam VT Vista Fund - Class IB   | 84,210                                | 9   | 84,219       |
| Putnam VT Voyager Fund - Class IB                                       | 330,361                               | 2   | 330,363      |
| Safeco RST Core Equity Portfolio  | --                                    | --  | --           |
| Safeco RST Growth Opportunities Portfolio                               | --                                    | --  | --           |
| Scudder International Portfolio   | --                                    | --  | --           |
| Scudder VIT EAFE Equity Index Fund - Class A                            | --                                    | --  | --           |

</TABLE>

See accompanying notes.

VL-R-2

AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF NET ASSETS - CONTINUED  
December 31, 2004

<TABLE>  
<CAPTION>

| Divisions  | Investment securities - at fair value | Due from (to) American General Life Insurance Company | Net Assets |
|--|---------------------------------------|---|------------|
| <S>  | <C>                                   | <C>   | <C>        |
| Scudder VIT Equity 500 Index Fund - Class A          | \$ 18,849                             | \$ --   | \$ 18,849  |
| SunAmerica - Aggressive Growth Portfolio - Class 1   | 515,184                               | 10  | 515,194    |
| SunAmerica - SunAmerica Balanced Portfolio - Class 1 | 734,164                               | (2)   | 734,162    |
| UIF Equity Growth Portfolio - Class I                | 3,715,185                             | 2   | 3,715,187  |
| UIF High Yield Portfolio - Class I                   | 1,737,699                             | --  | 1,737,699  |
| VALIC Company I - International Equities Fund        | 1,922,532                             | 7   | 1,922,539  |
| VALIC Company I - Mid Cap Index Fund                 | 15,462,377                            | (6)   | 15,462,371 |
| VALIC Company I - Money Market I Fund                | 34,546,134                            | (21)  | 34,546,113 |
| VALIC Company I - Nasdaq-100 Index Fund              | 3,660,913                             | 1   | 3,660,914  |
| VALIC Company I - Science & Technology Fund          | 1,238,061                             | 11  | 1,238,072  |
| VALIC Company I - Small Cap Index Fund               | 4,939,968                             | 1   | 4,939,969  |
| VALIC Company I - Stock Index Fund                   | 38,879,463                            | (16)  | 38,879,447 |
| Van Kampen LIT Emerging Growth Portfolio - Class I   | 56,966                                | (2)   | 56,964     |
| Van Kampen LIT Government Portfolio - Class I        | 178,102                               | 6   | 178,108    |
| Van Kampen LIT Growth and Income Portfolio - Class I | 5,656,142                             | 2   | 5,656,144  |
| Vanguard VIF High Yield Bond Portfolio               | 7,207,387                             | (9)   | 7,207,378  |
| Vanguard VIF REIT Index Portfolio                    | 10,602,996                            | --  | 10,602,996 |

See accompanying notes.

VL-R-3

AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF OPERATIONS  
For the Year Ended December 31, 2004

<TABLE>  
<CAPTION>

| Divisions  | A                           | B   | A+B=C                        | D                                       | E  | F   | C+D+E+F   |
|--|-----------------------------|---|------------------------------|---|--|---|---|
|  |                             |   |                              |   |  |   | Increase (decrease) in net assets resulting from operations |
|  | Dividends from mutual funds | Mortality and expense risk and administrative charges | Net investment income (loss) | Net realized gain (loss) on investments | Capital gain distributions from mutual funds | Net change in unrealized appreciation (depreciation) of investments |   |
| <S>  | <C>                         | <C>   | <C>                          | <C>                                     | <C>  | <C>   | <C>   |
| AIM V.I. International Growth Fund - Series I              | \$ 43,867                   | \$ (38,730)   | \$ 5,137                     | \$ (110,702)                            | \$ --  | \$ 1,457,449  | \$1,351,884   |
| AIM V.I. Premier Equity Fund - Series I                    | 59,565                      | (87,464)  | (27,899)                     | (858,843)                               | --   | 1,519,897   | 633,155   |
| Alger American Leveraged AllCap Portfolio - Class O Shares | --                          | (2,723)   | (2,723)                      | 945                                     | --   | 38,443  | 36,665  |
| Alger American MidCap Growth Portfolio - Class O Shares    | --                          | (4,502)   | (4,502)                      | 6,725                                   | --   | 100,002   | 102,225   |
| American Century VP Value Fund - Class I                   | 106,239                     | (82,657)  | 23,582                       | 135,589                                 | 82,411                                       | 1,361,242   | 1,602,824   |
| Ayco Growth Fund   | --                          | --  | --                           | --                                      | --   | --  | --  |
| Credit Suisse Small Cap Growth Portfolio                   | --                          | (11,815)  | (11,815)                     | 46,497                                  | --   | 117,955   | 152,637   |
| Dreyfus IP MidCap Stock Portfolio - Initial shares         | 13,788                      | (22,781)  | (8,993)                      | 113,020                                 | 88,761                                       | 252,274   | 445,062   |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares  | 22,759                      | (76,886)  | (54,127)                     | 53,386                                  | --   | 1,125,190   | 1,124,449   |
| Dreyfus VIF Quality Bond Portfolio - Initial shares        | 322,939                     | (55,822)  | 267,117                      | (20,434)                                | --   | (46,460)  | 200,223   |
| Fidelity VIP Asset Manager Portfolio - Service Class 2     | 96,232                      | (30,375)  | 65,857                       | 70,848                                  | --   | 62,578  | 199,283   |
| Fidelity VIP Contrafund Portfolio - Service Class 2        | 22,639                      | (89,150)  | (66,511)                     | 90,445                                  | --   | 1,927,155   | 1,951,089   |
| Fidelity VIP Equity-Income Portfolio - Service Class 2     | 176,578                     | (97,992)  | 78,586                       | 42,557                                  | 46,017                                       | 1,408,052   | 1,575,212   |
| Fidelity VIP Growth Portfolio - Service Class 2            | 12,019                      | (69,398)  | (57,379)                     | (58,095)                                | --   | 407,041   | 291,567   |
| Fidelity VIP Mid Cap Portfolio -                           |                             |   |                              |   |  |   |   |

|   |         |          |          |           |         |           |           |
|---|---------|----------|----------|-----------|---------|-----------|-----------|
| Service Class 2   | --      | (4,466)  | (4,466)  | 14,660    | --      | 158,424   | 168,618   |
| Franklin Templeton - Franklin Small Cap Fund - Class 2                  | --      | (1,064)  | (1,064)  | 1,271     | --      | 14,818    | 15,025    |
| Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2 | 1,180   | (4,679)  | (3,499)  | 23,931    | --      | 157,413   | 177,845   |
| Franklin Templeton - Franklin U.S. Government Fund - Class 2            | 583,797 | (80,785) | 503,012  | (40,394)  | --      | (151,309) | 311,309   |
| Franklin Templeton - Mutual Shares Securities Fund - Class 2            | 51,702  | (47,075) | 4,627    | 102,975   | --      | 682,712   | 790,314   |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2        | 88,111  | (60,364) | 27,747   | 141,983   | --      | 1,433,732 | 1,603,462 |
| Goldman Sachs Capital Growth Fund                                       | 59,310  | (40,493) | 18,817   | 19,744    | --      | 653,622   | 692,183   |
| Janus Aspen Series International Growth Portfolio - Service Shares      | 23,690  | (17,948) | 5,742    | 44,263    | --      | 425,750   | 475,755   |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares            | --      | (15,637) | (15,637) | 35,873    | --      | 388,478   | 408,714   |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares          | 34,390  | (24,432) | 9,958    | (27,447)  | --      | 167,748   | 150,259   |
| JPMorgan Mid Cap Value Portfolio  | 618     | (2,069)  | (1,451)  | 4,481     | 1,064   | 60,999    | 65,093    |
| JPMorgan Small Company Portfolio  | --      | (8,288)  | (8,288)  | 26,522    | --      | 294,323   | 312,557   |
| MFS VIT Capital Opportunities Series - Initial Class                    | 12,438  | (24,826) | (12,388) | (46,987)  | --      | 490,259   | 430,884   |
| MFS VIT Emerging Growth Series - Initial Class                          | --      | (88,123) | (88,123) | (853,176) | --      | 2,514,875 | 1,573,576 |
| MFS VIT New Discovery Series - Initial Class                            | --      | (20,846) | (20,846) | (79)      | --      | 246,557   | 225,632   |
| MFS VIT Research Series - Initial Class                                 | 15,347  | (10,265) | 5,082    | (3,382)   | --      | 222,855   | 224,555   |
| MFS VIT Total Return Series - Initial Class                             | 13,455  | (6,121)  | 7,334    | 5,297     | --      | 72,622    | 85,253    |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I                 | --      | (15,534) | (15,534) | 5,856     | --      | 369,446   | 359,768   |
| Neuberger Berman AMT Partners Portfolio - Class I                       | 14      | (918)    | (904)    | 667       | --      | 21,027    | 20,790    |
| Oppenheimer Balanced Fund/VA - Non-Service Shares                       | 3,402   | (3,300)  | 102      | 1,569     | --      | 50,025    | 51,696    |
| Oppenheimer Global Securities Fund/VA - Non-Service Shares              | 5,019   | (4,422)  | 597      | 8,496     | --      | 139,006   | 148,099   |
| Oppenheimer High Income Fund/VA - Non-Service Shares                    | 5,245   | (665)    | 4,580    | (150)     | --      | 2,560     | 6,990     |
| PIMCO VIT Real Return Portfolio - Administrative Class                  | 110,503 | (73,925) | 36,578   | 173,491   | 394,221 | 311,719   | 916,009   |
| PIMCO VIT Short-Term Portfolio - Administrative Class                   | 70,463  | (37,656) | 32,807   | 3,265     | 13,531  | (14,634)  | 34,969    |
| PIMCO VIT Total Return Portfolio - Administrative Class                 | 213,718 | (79,167) | 134,551  | 77,968    | 170,475 | 57,924    | 440,918   |
| Pioneer Fund VCT Portfolio - Class I                                    | --      | (1,358)  | (1,358)  | 501       | --      | 73,097    | 72,240    |
| Pioneer Growth Opportunities VCT Portfolio - Class I                    | --      | (2,330)  | (2,330)  | 976       | --      | 156,168   | 154,814   |
| Putnam VT Diversified Income Fund - Class IB                            | 546,294 | (29,000) | 517,294  | 26,141    | --      | (17,044)  | 526,391   |
| Putnam VT Growth and Income Fund - Class IB                             | 237,545 | (94,091) | 143,454  | (55,906)  | --      | 1,522,181 | 1,609,729 |
| Putnam VT International Growth and Income Fund - Class IB               | 64,926  | (34,898) | 30,028   | 32,665    | --      | 857,207   | 919,900   |
| Putnam VT Small Cap Value Fund - Class IB                               | 1,521   | (3,232)  | (1,711)  | 10,858    | --      | 91,048    | 100,195   |
| Putnam VT Vista Fund - Class IB   | --      | (582)    | (582)    | (433)     | --      | 13,691    | 12,676    |
| Putnam VT Voyager Fund - Class IB                                       | 707     | (2,322)  | (1,615)  | (5,058)   | --      | 19,350    | 12,677    |

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF OPERATIONS - CONTINUED  
For the Year Ended December 31, 2004

| <TABLE><br><CAPTION> | A | B             | A+B=C | D | E | F          | C+D+E+F                   |
|----------------------|---|---------------|-------|---|---|------------|---------------------------|
|                      |   |               |       |   |   |            | Increase<br>(decrease) in |
|                      |   | Mortality and |       |   |   | Net change |                           |

| Divisions  | Dividends from mutual funds | expense risk and administrative charges | Net investment income (loss) | Net realized gain (loss) on investments | Capital gain distributions from mutual funds | in unrealized appreciation (depreciation) of investments | net assets resulting from operations |
|--|-----------------------------|---|------------------------------|---|--|--|--------------------------------------|
| <S>  | <C>                         | <C>                                     | <C>                          | <C>                                     | <C>  | <C>  | <C>                                  |
| Safeco RST Core Equity Portfolio                     | \$ 35,542                   | \$ (21,220)                             | \$ 14,322                    | \$ 258,706                              | \$ --  | \$ (128,898)   | \$ 144,130                           |
| Safeco RST Growth Opportunities Portfolio            | --                          | (35,015)                                | (35,015)                     | 1,154,898                               | --   | (244,287)  | 875,596                              |
| Scudder International Portfolio                      | --                          | --                                      | --                           | --                                      | --   | --   | --                                   |
| Scudder VIT EAFE Equity Index Fund - Class A         | --                          | --                                      | --                           | --                                      | --   | --   | --                                   |
| Scudder VIT Equity 500 Index Fund - Class A          | 181                         | (126)                                   | 55                           | (110)                                   | --   | 1,752  | 1,697                                |
| SunAmerica - Aggressive Growth Portfolio - Class 1   | --                          | (2,504)                                 | (2,504)                      | 7,078                                   | --   | 59,599   | 64,173                               |
| SunAmerica - SunAmerica Balanced Portfolio - Class 1 | 9,712                       | (3,790)                                 | 5,922                        | 2,574                                   | --   | 30,488   | 38,984                               |
| UIF Equity Growth Portfolio - Class I                | 6,462                       | (26,788)                                | (20,326)                     | (366,107)                               | --   | 618,080  | 231,647                              |
| UIF High Yield Portfolio - Class I                   | 104,519                     | (11,862)                                | 92,657                       | (82,802)                                | --   | 133,762  | 143,617                              |
| VALIC Company I - International Equities Fund        | 23,532                      | (11,407)                                | 12,125                       | 12,197                                  | --   | 260,211  | 284,533                              |
| VALIC Company I - Mid Cap Index Fund                 | 116,137                     | (97,676)                                | 18,461                       | 63,445                                  | 261,970                                      | 1,692,164  | 2,036,040                            |
| VALIC Company I - Money Market I Fund                | 263,686                     | (226,753)                               | 36,933                       | --                                      | --   | --   | 36,933                               |
| VALIC Company I - Nasdaq-100 Index Fund              | 19,308                      | (22,187)                                | (2,879)                      | 14,891                                  | --   | 286,502  | 298,514                              |
| VALIC Company I - Science & Technology Fund          | --                          | (7,500)                                 | (7,500)                      | (18,283)                                | --   | 42,141   | 16,358                               |
| VALIC Company I - Small Cap Index Fund               | 35,938                      | (28,965)                                | 6,973                        | 104,457                                 | --   | 559,064  | 670,494                              |
| VALIC Company I - Stock Index Fund                   | 639,701                     | (287,922)                               | 351,779                      | (1,394,158)                             | 528,082                                      | 3,691,151  | 3,176,854                            |
| Van Kampen LIT Emerging Growth Portfolio - Class I   | --                          | (434)                                   | (434)                        | (2,236)                                 | --   | 5,913  | 3,243                                |
| Van Kampen LIT Government Portfolio - Class I        | 8,349                       | (1,347)                                 | 7,002                        | (866)                                   | --   | (347)  | 5,789                                |
| Van Kampen LIT Growth and Income Portfolio - Class I | 43,919                      | (33,792)                                | 10,127                       | 51,123                                  | --   | 589,542  | 650,792                              |
| Vanguard VIF High Yield Bond Portfolio               | 321,153                     | (38,190)                                | 282,963                      | 94,067                                  | --   | 70,046   | 447,076                              |
| Vanguard VIF REIT Index Portfolio                    | 202,057                     | (54,992)                                | 147,065                      | 151,782                                 | 133,973                                      | 1,752,276  | 2,185,096                            |

See accompanying notes.

VL-R-5

AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF CHANGES IN NET ASSETS

| <S>   | Divisions                                     |   |  |   |
|---|---|---|--|---|
|   | AIM V.I. International Growth Fund - Series I | AIM V.I. Premier Equity Fund - Series I | Alger American Leveraged AllCap Portfolio - Class O Shares | Alger American MidCap Growth Portfolio - Class O Shares |
| <CAPTION>   | <C>   | <C>                                     | <C>  | <C>   |
| For the Year Ended December 31, 2004                                |   |   |  |   |
| OPERATIONS:   |   |   |  |   |
| Net investment income (loss)  | \$ 5,137                                      | \$ (27,899)                             | \$ (2,723)   | \$ (4,502)  |
| Net realized gain (loss) on investments                             | (110,702)                                     | (858,843)                               | 945  | 6,725   |
| Capital gain distributions from mutual funds                        | --  | --                                      | --   | --  |
| Net change in unrealized appreciation (depreciation) of investments | 1,457,449                                     | 1,519,897                               | 38,443   | 100,002   |
| Increase (decrease) in net assets resulting from operations         | 1,351,884                                     | 633,155                                 | 36,665   | 102,225   |
| PRINCIPAL TRANSACTIONS:   |   |   |  |   |
| Net premiums  | 1,107,075                                     | 2,566,159                               | 144,802  | 252,027   |
| Net transfers from (to) other Divisions or fixed rate option        | 1,625,322                                     | 434,945                                 | 199,138  | 448,338   |

|   |             |              |           |            |
|---|-------------|--------------|-----------|------------|
| Internal rollovers  | --          | --           | --        | --         |
| Cost of insurance and other charges                                     | (571,652)   | (1,650,680)  | (62,421)  | (103,751)  |
| Administrative charges  | (43,784)    | (100,743)    | (5,136)   | (11,775)   |
| Policy loans  | (130,660)   | (102,066)    | (4)       | 7,362      |
| Terminations and withdrawals  | (170,236)   | (593,204)    | (2,151)   | (3,827)    |
|   | -----       | -----        | -----     | -----      |
| Increase (decrease) in net assets resulting from principal transactions | 1,816,065   | 554,411      | 274,228   | 588,374    |
|   | -----       | -----        | -----     | -----      |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                 | 3,167,949   | 1,187,566    | 310,893   | 690,599    |
| NET ASSETS:   |             |              |           |            |
| Beginning of year   | 4,395,204   | 11,964,689   | 234,443   | 302,636    |
|   | -----       | -----        | -----     | -----      |
| End of year   | \$7,563,153 | \$13,152,255 | \$545,336 | \$ 993,235 |
|   | =====       | =====        | =====     | =====      |
| For the Year Ended December 31, 2003                                    |             |              |           |            |
| OPERATIONS:   |             |              |           |            |
| Net investment income (loss)  | \$ (4,839)  | \$ (43,040)  | \$ (41)   | \$ (468)   |
| Net realized gain (loss) on investments                                 | (593,810)   | (1,581,995)  | 74        | 3,238      |
| Capital gain distributions from mutual funds                            | --          | --           | --        | --         |
| Net change in unrealized appreciation (depreciation) of investments     | 1,535,463   | 3,957,612    | 3,670     | 23,049     |
|   | -----       | -----        | -----     | -----      |
| Increase (decrease) in net assets resulting from operations             | 936,814     | 2,332,577    | 3,703     | 25,819     |
|   | -----       | -----        | -----     | -----      |
| PRINCIPAL TRANSACTIONS:   |             |              |           |            |
| Net premiums  | 993,314     | 2,893,233    | 7,670     | 16,326     |
| Net transfers from (to) other Divisions or fixed rate option            | (115,158)   | (269,225)    | 228,598   | 270,505    |
| Internal rollovers  | --          | --           | --        | --         |
| Cost of insurance and other charges                                     | (551,493)   | (1,877,618)  | (4,623)   | (9,040)    |
| Administrative charges  | (35,209)    | (111,346)    | (353)     | (816)      |
| Policy loans  | (26,827)    | (95,683)     | (552)     | 185        |
| Terminations and withdrawals  | (276,223)   | (742,081)    | --        | (343)      |
|   | -----       | -----        | -----     | -----      |
| Increase (decrease) in net assets resulting from principal transactions | (11,596)    | (202,720)    | 230,740   | 276,817    |
|   | -----       | -----        | -----     | -----      |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                 | 925,218     | 2,129,857    | 234,443   | 302,636    |
| NET ASSETS:   |             |              |           |            |
| Beginning of year   | 3,469,986   | 9,834,832    | --        | --         |
|   | -----       | -----        | -----     | -----      |
| End of year   | \$4,395,204 | \$11,964,689 | \$234,443 | \$ 302,636 |
|   | =====       | =====        | =====     | =====      |

</TABLE>

See accompanying notes.

VL-R-6

AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

|   | Divisions                                |                  |  |  |
|---|--|------------------|--|--|
|   | American Century VP Value Fund - Class I | Ayco Growth Fund | Credit Suisse Small Cap Growth Portfolio | Dreyfus IP MidCap Stock Portfolio - Initial shares |
|   | <C>                                      | <C>              | <C>                                      | <C>  |
| <S>   |  |                  |  |  |
| For the Year Ended December 31, 2004                                |  |                  |  |  |
| OPERATIONS:   |  |                  |  |  |
| Net investment income (loss)  | \$ 23,582                                | \$ --            | \$ (11,815)                              | \$ (8,993)   |
| Net realized gain (loss) on investments                             | 135,589                                  | --               | 46,497                                   | 113,020  |
| Capital gain distributions from mutual funds                        | 82,411                                   | --               | --                                       | 88,761   |
| Net change in unrealized appreciation (depreciation) of investments | 1,361,242                                | --               | 117,955                                  | 252,274  |
|   | -----                                    | -----            | -----                                    | -----  |
| Increase (decrease) in net assets resulting from operations         | 1,602,824                                | --               | 152,637                                  | 445,062  |
|   | -----                                    | -----            | -----                                    | -----  |
| PRINCIPAL TRANSACTIONS:   |  |                  |  |  |

|   |              |       |             |             |
|---|--------------|-------|-------------|-------------|
| Net premiums  | 2,598,492    | --    | 393,255     | 839,910     |
| Net transfers from (to) other Divisions or fixed rate option            | 2,418,145    | --    | 311,653     | 272,504     |
| Internal rollovers  | --           | --    | --          | --          |
| Cost of insurance and other charges                                     | (1,278,885)  | --    | (181,319)   | (465,356)   |
| Administrative charges  | (122,898)    | --    | (17,417)    | (40,252)    |
| Policy loans  | (126,507)    | --    | (18,832)    | (10,493)    |
| Terminations and withdrawals  | (246,291)    | --    | (15,598)    | (54,244)    |
|   | -----        |       | -----       | -----       |
| Increase (decrease) in net assets resulting from principal transactions | 3,242,056    | --    | 471,742     | 542,069     |
|   | -----        |       | -----       | -----       |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                 | 4,844,880    | --    | 624,379     | 987,131     |
| NET ASSETS:   |              |       |             |             |
| Beginning of year   | 9,629,773    | --    | 1,269,414   | 2,859,639   |
|   | -----        |       | -----       | -----       |
| End of year   | \$14,474,653 | \$ -- | \$1,893,793 | \$3,846,770 |
|   | =====        |       | =====       | =====       |

For the Year Ended December 31, 2003

|   |              |             |             |             |
|---|--------------|-------------|-------------|-------------|
| OPERATIONS:   |              |             |             |             |
| Net investment income (loss)  | \$ 13,308    | \$ (6,431)  | \$ (5,108)  | \$ (8,098)  |
| Net realized gain (loss) on investments                                 | (113,748)    | (1,915,469) | 566         | 15,841      |
| Capital gain distributions from mutual funds                            | --           | --          | --          | --          |
| Net change in unrealized appreciation (depreciation) of investments     | 2,076,101    | 3,756,480   | 298,373     | 603,728     |
|   | -----        | -----       | -----       | -----       |
| Increase (decrease) in net assets resulting from operations             | 1,975,661    | 1,834,580   | 293,831     | 611,471     |
|   | -----        | -----       | -----       | -----       |
| PRINCIPAL TRANSACTIONS:   |              |             |             |             |
| Net premiums  | 1,933,044    | 43,307      | 226,793     | 673,023     |
| Net transfers from (to) other Divisions or fixed rate option            | 2,411,560    | (8,523,709) | 440,490     | 295,454     |
| Internal rollovers  | --           | --          | --          | --          |
| Cost of insurance and other charges                                     | (1,066,847)  | (566,235)   | (112,769)   | (363,758)   |
| Administrative charges  | (91,943)     | (2,459)     | (10,793)    | (32,326)    |
| Policy loans  | (105,937)    | 272         | 1,284       | (1,791)     |
| Terminations and withdrawals  | (610,640)    | (8,938)     | (26,394)    | (24,024)    |
|   | -----        | -----       | -----       | -----       |
| Increase (decrease) in net assets resulting from principal transactions | 2,469,237    | (9,057,762) | 518,611     | 546,578     |
|   | -----        | -----       | -----       | -----       |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                 | 4,444,898    | (7,223,182) | 812,442     | 1,158,049   |
| NET ASSETS:   |              |             |             |             |
| Beginning of year   | 5,184,875    | 7,223,182   | 456,972     | 1,701,590   |
|   | -----        | -----       | -----       | -----       |
| End of year   | \$ 9,629,773 | \$ --       | \$1,269,414 | \$2,859,639 |
|   | =====        | =====       | =====       | =====       |

</TABLE>

See accompanying notes.

VL-R-7

AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

|   | Divisions  |  |  |  |
|---|--|--|--|--|
|   | Dreyfus VIF<br>Developing Leaders<br>Portfolio - Initial<br>shares | Dreyfus VIF<br>Quality Bond<br>Portfolio - Initial<br>shares | Fidelity VIP Asset<br>Manager Portfolio -<br>Service Class 2 | Fidelity VIP<br>Contrafund<br>Portfolio - Service<br>Class 2 |
| <S>   | <C>  | <C>  | <C>  | <C>  |
| For the Year Ended December 31, 2004                                |  |  |  |  |
| OPERATIONS:   |  |  |  |  |
| Net investment income (loss)  | \$ (54,127)  | \$ 267,117   | \$ 65,857  | \$ (66,511)  |
| Net realized gain (loss) on investments                             | 53,386   | (20,434)   | 70,848   | 90,445   |
| Capital gain distributions from mutual funds                        | --   | --   | --   | --   |
| Net change in unrealized appreciation (depreciation) of investments | 1,125,190  | (46,460)   | 62,578   | 1,927,155  |
|   | -----  | -----  | -----  | -----  |
| Increase (decrease) in net assets resulting                         |  |  |  |  |

|   |              |              |             |              |
|---|--------------|--------------|-------------|--------------|
| from operations   | 1,124,449    | 200,223      | 199,283     | 1,951,089    |
| PRINCIPAL TRANSACTIONS:   |              |              |             |              |
| Net premiums  | 2,465,860    | 1,310,857    | 933,973     | 3,355,343    |
| Net transfers from (to) other Divisions or fixed rate option            | 203,359      | 390,579      | 559,743     | 3,791,685    |
| Internal rollovers  | 262          | --           | 157,598     | 837          |
| Cost of insurance and other charges                                     | (1,335,731)  | (936,290)    | (482,855)   | (1,402,062)  |
| Administrative charges  | (105,890)    | (59,692)     | (45,602)    | (155,466)    |
| Policy loans  | (194,241)    | (4,094)      | 84,463      | (42,427)     |
| Terminations and withdrawals  | (388,999)    | (574,477)    | (289,998)   | (172,311)    |
| Increase (decrease) in net assets resulting from principal transactions | 644,620      | 126,883      | 917,322     | 5,375,599    |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                 | 1,769,069    | 327,106      | 1,116,605   | 7,326,688    |
| NET ASSETS:   |              |              |             |              |
| Beginning of year   | 10,151,036   | 7,738,004    | 3,723,891   | 9,293,888    |
| End of year   | \$11,920,105 | \$ 8,065,110 | \$4,840,496 | \$16,620,576 |

For the Year Ended December 31, 2003

|   |              |              |             |              |
|---|--------------|--------------|-------------|--------------|
| OPERATIONS:   |              |              |             |              |
| Net investment income (loss)  | \$ (58,484)  | \$ 251,226+  | \$ 63,609   | \$ (32,722)  |
| Net realized gain (loss) on investments                                 | (182,784)    | 28,230       | (8,047)     | 226,646      |
| Capital gain distributions from mutual funds                            | --           | 165,946+     | --          | --           |
| Net change in unrealized appreciation (depreciation) of investments     | 2,772,382    | (124,635)    | 419,961     | 2,022,921    |
| Increase (decrease) in net assets resulting from operations             | 2,531,114    | 320,767      | 475,523     | 2,216,845    |
| PRINCIPAL TRANSACTIONS:   |              |              |             |              |
| Net premiums  | 2,503,579    | 1,567,678    | 565,088     | 2,107,417    |
| Net transfers from (to) other Divisions or fixed rate option            | 287,248      | 99,791       | 974,862     | 2,236,877    |
| Internal rollovers  | --           | --           | --          | --           |
| Cost of insurance and other charges                                     | (1,243,407)  | (1,009,427)  | (387,659)   | (1,041,103)  |
| Administrative charges  | (106,929)    | (70,077)     | (26,659)    | (101,730)    |
| Policy loans  | (86,656)     | (225,675)    | 389,292     | (92,869)     |
| Terminations and withdrawals  | (1,409,821)  | (596,804)    | (582,833)   | (2,461,920)  |
| Increase (decrease) in net assets resulting from principal transactions | (55,986)     | (234,514)    | 932,091     | 646,672      |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                 | 2,475,128    | 86,253       | 1,407,614   | 2,863,517    |
| NET ASSETS:   |              |              |             |              |
| Beginning of year   | 7,675,908    | 7,651,751    | 2,316,277   | 6,430,371    |
| End of year   | \$10,151,036 | \$ 7,738,004 | \$3,723,891 | \$ 9,293,888 |

</TABLE>

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>  
<CAPTION>

|  | Divisions   |   |  |  |
|--|---|---|--|--|
|  | Fidelity VIP Equity-<br>Income Portfolio -<br>Service Class 2 | Fidelity VIP<br>Growth Portfolio -<br>Service Class 2 | Fidelity VIP Mid<br>Cap Portfolio -<br>Service Class 2 | Franklin Templeton -<br>Franklin Small Cap<br>Fund - Class 2 |
| <S>  | <C>   | <C>   | <C>  | <C>  |
| For the Year Ended December 31, 2004         |   |   |  |  |
| OPERATIONS:                                  |   |   |  |  |
| Net investment income (loss)                 | \$ 78,586   | \$ (57,379)   | \$ (4,466)   | \$ (1,064)   |
| Net realized gain (loss) on investments      | 42,557  | (58,095)  | 14,660   | 1,271  |
| Capital gain distributions from mutual funds | 46,017  | --  | --   | --   |

|   |              |              |             |           |
|---|--------------|--------------|-------------|-----------|
| Net change in unrealized appreciation (depreciation) of investments     | 1,408,052    | 407,041      | 158,424     | 14,818    |
| Increase (decrease) in net assets resulting from operations             | 1,575,212    | 291,567      | 168,618     | 15,025    |
| PRINCIPAL TRANSACTIONS:   |              |              |             |           |
| Net premiums  | 3,290,771    | 2,708,198    | 232,349     | 5,217     |
| Net transfers from (to) other Divisions or fixed rate option            | 2,934,950    | 1,360,141    | 540,817     | 13,149    |
| Internal rollovers  | --           | --           | --          | --        |
| Cost of insurance and other charges                                     | (1,457,940)  | (1,365,721)  | (89,163)    | (3,831)   |
| Administrative charges  | (157,801)    | (129,165)    | (10,475)    | --        |
| Policy loans  | (48,429)     | (49,004)     | (42,088)    | (2,407)   |
| Terminations and withdrawals  | (163,564)    | (124,273)    | (6,703)     | (5,086)   |
| Increase (decrease) in net assets resulting from principal transactions | 4,397,987    | 2,400,176    | 624,737     | 7,042     |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                 | 5,973,199    | 2,691,743    | 793,355     | 22,067    |
| NET ASSETS:   |              |              |             |           |
| Beginning of year   | 11,352,970   | 8,798,839    | 325,445     | 135,309   |
| End of year   | \$17,326,169 | \$11,490,582 | \$1,118,800 | \$157,376 |

For the Year Ended December 31, 2003

|   |              |              |            |           |
|---|--------------|--------------|------------|-----------|
| OPERATIONS:   |              |              |            |           |
| Net investment income (loss)  | \$ 79,664    | \$ (43,980)  | \$ (438)   | \$ (870)  |
| Net realized gain (loss) on investments                                 | (172,182)    | (334,820)    | 119        | (416)     |
| Capital gain distributions from mutual funds                            | --           | --           | --         | --        |
| Net change in unrealized appreciation (depreciation) of investments     | 2,900,788    | 2,738,235    | 27,990     | 35,509    |
| Increase (decrease) in net assets resulting from operations             | 2,808,270    | 2,359,435    | 27,671     | 34,223    |
| PRINCIPAL TRANSACTIONS:   |              |              |            |           |
| Net premiums  | 2,363,111    | 2,194,072    | 23,093     | 5,767     |
| Net transfers from (to) other Divisions or fixed rate option            | 2,127,316    | 1,244,332    | 281,977    | 6,443     |
| Internal rollovers  | --           | --           | --         | --        |
| Cost of insurance and other charges                                     | (1,086,303)  | (1,020,329)  | (6,292)    | (3,612)   |
| Administrative charges  | (114,113)    | (107,447)    | (1,004)    | --        |
| Policy loans  | 6,155        | (9,205)      | --         | (44)      |
| Terminations and withdrawals  | (2,436,613)  | (2,518,247)  | --         | (124)     |
| Increase (decrease) in net assets resulting from principal transactions | 859,553      | (216,824)    | 297,774    | 8,430     |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                 | 3,667,823    | 2,142,611    | 325,445    | 42,653    |
| NET ASSETS:   |              |              |            |           |
| Beginning of year   | 7,685,147    | 6,656,228    | --         | 92,656    |
| End of year   | \$11,352,970 | \$ 8,798,839 | \$ 325,445 | \$135,309 |

</TABLE>

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>  
<CAPTION>

|     | Divisions   |  |  |  |
|-----|---|--|--|--|
|     | Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2 | Franklin Templeton - Franklin U.S. Government Fund - Class 2 | Franklin Templeton - Mutual Shares Securities Fund - Class 2 | Franklin Templeton - Foreign Securities Fund - Class 2 |
| <S> | <C>   | <C>  | <C>  | <C>  |

For the Year Ended December 31, 2004

|  |             |              |             |              |
|--|-------------|--------------|-------------|--------------|
| OPERATIONS:  |             |              |             |              |
| Net investment income (loss)   | \$ (3,499)  | \$ 503,012   | \$ 4,627    | \$ 27,747    |
| Net realized gain (loss) on investments                                    | 23,931      | (40,394)     | 102,975     | 141,983      |
| Capital gain distributions from mutual funds                               | --          | --           | --          | --           |
| Net change in unrealized appreciation<br>(depreciation) of investments     | 157,413     | (151,309)    | 682,712     | 1,433,732    |
|  | -----       | -----        | -----       | -----        |
| Increase (decrease) in net assets resulting<br>from operations             | 177,845     | 311,309      | 790,314     | 1,603,462    |
|  | -----       | -----        | -----       | -----        |
| PRINCIPAL TRANSACTIONS:  |             |              |             |              |
| Net premiums   | 308,150     | 483,812      | 556,813     | 785,524      |
| Net transfers from (to) other Divisions or<br>fixed rate option            | 607,846     | (94,845)     | 1,027,855   | 3,029,410    |
| Internal rollovers   | --          | --           | --          | --           |
| Cost of insurance and other charges  | (97,500)    | (920,094)    | (511,405)   | (576,892)    |
| Administrative charges   | (14,755)    | (23,307)     | (26,036)    | (33,616)     |
| Policy loans   | (46,611)    | 14,642       | (2,740)     | 13,595       |
| Terminations and withdrawals   | (3,749)     | (51,752)     | (101,897)   | (64,380)     |
|  | -----       | -----        | -----       | -----        |
| Increase (decrease) in net assets resulting<br>from principal transactions | 753,381     | (591,544)    | 942,590     | 3,153,641    |
|  | -----       | -----        | -----       | -----        |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                    | 931,226     | (280,235)    | 1,732,904   | 4,757,103    |
|  | -----       | -----        | -----       | -----        |
| NET ASSETS:  |             |              |             |              |
| Beginning of year  | 243,999     | 11,755,086   | 5,991,711   | 6,509,305    |
|  | -----       | -----        | -----       | -----        |
| End of year  | \$1,175,225 | \$11,474,851 | \$7,724,615 | \$11,266,408 |
|  | =====       | =====        | =====       | =====        |

For the Year Ended December 31, 2003

|  |            |              |             |              |
|--|------------|--------------|-------------|--------------|
| OPERATIONS:  |            |              |             |              |
| Net investment income (loss)   | \$ (333)   | \$ 409,789   | \$ 16,569   | \$ 49,505    |
| Net realized gain (loss) on investments                                    | 714        | (20,622)     | 18,441      | 26,313       |
| Capital gain distributions from mutual funds                               | --         | --           | --          | --           |
| Net change in unrealized appreciation<br>(depreciation) of investments     | 29,112     | (230,914)    | 1,104,782   | 1,404,968    |
|  | -----      | -----        | -----       | -----        |
| Increase (decrease) in net assets resulting<br>from operations             | 29,493     | 158,253      | 1,139,792   | 1,480,786    |
|  | -----      | -----        | -----       | -----        |
| PRINCIPAL TRANSACTIONS:  |            |              |             |              |
| Net premiums   | 19,349     | 490,325      | 248,378     | 231,810      |
| Net transfers from (to) other Divisions or<br>fixed rate option            | 201,273    | 3,185,489    | 665,193     | 856,708      |
| Internal rollovers   | --         | --           | --          | --           |
| Cost of insurance and other charges  | (4,995)    | (848,459)    | (410,405)   | (397,656)    |
| Administrative charges   | (876)      | (24,478)     | (11,828)    | (9,953)      |
| Policy loans   | (245)      | (2,967)      | (644)       | (4,301)      |
| Terminations and withdrawals   | --         | (83,914)     | (105,409)   | (5,539)      |
|  | -----      | -----        | -----       | -----        |
| Increase (decrease) in net assets resulting<br>from principal transactions | 214,506    | 2,715,996    | 385,285     | 671,069      |
|  | -----      | -----        | -----       | -----        |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                    | 243,999    | 2,874,249    | 1,525,077   | 2,151,855    |
|  | -----      | -----        | -----       | -----        |
| NET ASSETS:  |            |              |             |              |
| Beginning of year  | --         | 8,880,837    | 4,466,634   | 4,357,450    |
|  | -----      | -----        | -----       | -----        |
| End of year  | \$ 243,999 | \$11,755,086 | \$5,991,711 | \$ 6,509,305 |
|  | =====      | =====        | =====       | =====        |

</TABLE>

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>  
<CAPTION>

|               |                    |                     |                     |
|---------------|--------------------|---------------------|---------------------|
|               | Divisions          |                     |                     |
|               | -----              | -----               | -----               |
|               | Janus Aspen Series | Janus Aspen Series  | Janus Aspen Series  |
| Goldman       | International      | Mid Cap Growth      | Worldwide Growth    |
| Sachs Capital | Growth Portfolio - | Portfolio - Service | Portfolio - Service |
|               | -----              | -----               | -----               |

| <S>  | Growth Fund      | Service Shares   | Shares           | Shares           |
|--|------------------|------------------|------------------|------------------|
| For the Year Ended December 31, 2004                                       | <C>              | <C>              | <C>              | <C>              |
| <b>OPERATIONS:</b>   |                  |                  |                  |                  |
| Net investment income (loss)   | \$ 18,817        | \$ 5,742         | \$ (15,637)      | \$ 9,958         |
| Net realized gain (loss) on investments                                    | 19,744           | 44,263           | 35,873           | (27,447)         |
| Capital gain distributions from mutual funds                               | --               | --               | --               | --               |
| Net change in unrealized appreciation<br>(depreciation) of investments     | 653,622          | 425,750          | 388,478          | 167,748          |
| Increase (decrease) in net assets resulting<br>from operations             | 692,183          | 475,755          | 408,714          | 150,259          |
| <b>PRINCIPAL TRANSACTIONS:</b>   |                  |                  |                  |                  |
| Net premiums   | --               | 621,695          | 684,998          | 1,027,383        |
| Net transfers from (to) other Divisions or<br>fixed rate option            | 192              | 481,455          | (63,955)         | 39,909           |
| Internal rollovers   | --               | --               | --               | --               |
| Cost of insurance and other charges  | (493,114)        | (318,961)        | (356,957)        | (495,065)        |
| Administrative charges   | (250)            | (30,145)         | (33,627)         | (50,894)         |
| Policy loans   | (3,400)          | (45,337)         | (26,889)         | (16,897)         |
| Terminations and withdrawals   | (1,688)          | (43,661)         | (55,907)         | (45,697)         |
| Increase (decrease) in net assets resulting<br>from principal transactions | (498,260)        | 665,046          | 147,663          | 458,739          |
| <b>TOTAL INCREASE (DECREASE) IN NET ASSETS</b>                             | <b>193,923</b>   | <b>1,140,801</b> | <b>556,377</b>   | <b>608,998</b>   |
| <b>NET ASSETS:</b>   |                  |                  |                  |                  |
| Beginning of year  | 8,501,182        | 2,140,097        | 2,087,513        | 3,410,075        |
| End of year  | \$8,695,105      | \$3,280,898      | \$2,643,890      | \$4,019,073      |
| For the Year Ended December 31, 2003                                       |                  |                  |                  |                  |
| <b>OPERATIONS:</b>   |                  |                  |                  |                  |
| Net investment income (loss)   | \$ (1,352)       | \$ 4,644         | \$ (10,749)      | \$ 4,640         |
| Net realized gain (loss) on investments                                    | 269              | (50,569)         | (27,446)         | (108,229)        |
| Capital gain distributions from mutual funds                               | --               | --               | --               | --               |
| Net change in unrealized appreciation<br>(depreciation) of investments     | 186,155          | 577,849          | 504,583          | 717,239          |
| Increase (decrease) in net assets resulting<br>from operations             | 185,072          | 531,924          | 466,388          | 613,650          |
| <b>PRINCIPAL TRANSACTIONS:</b>   |                  |                  |                  |                  |
| Net premiums   | --               | 552,095          | 685,443          | 1,034,656        |
| Net transfers from (to) other Divisions or<br>fixed rate option            | 8,330,325        | 104,648          | 259,924          | 444,690          |
| Internal rollovers   | --               | --               | --               | --               |
| Cost of insurance and other charges  | (13,551)         | (210,933)        | (324,758)        | (454,566)        |
| Administrative charges   | (15)             | (26,519)         | (33,718)         | (50,983)         |
| Policy loans   | --               | (30,308)         | (2,492)          | (6,625)          |
| Terminations and withdrawals   | (649)            | (45,629)         | (34,006)         | (273,289)        |
| Increase (decrease) in net assets resulting<br>from principal transactions | 8,316,110        | 343,354          | 550,393          | 693,883          |
| <b>TOTAL INCREASE (DECREASE) IN NET ASSETS</b>                             | <b>8,501,182</b> | <b>875,278</b>   | <b>1,016,781</b> | <b>1,307,533</b> |
| <b>NET ASSETS:</b>   |                  |                  |                  |                  |
| Beginning of year  | --               | 1,264,819        | 1,070,732        | 2,102,542        |
| End of year  | \$8,501,182      | \$2,140,097      | \$2,087,513      | \$3,410,075      |

</TABLE>

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>  
<CAPTION>

Divisions

|  | JPMorgan Mid Cap<br>Value Portfolio | JPMorgan Small<br>Company<br>Portfolio | MFS VIT Capital<br>Opportunities<br>Series - Initial<br>Class | MFS VIT Emerging<br>Growth Series -<br>Initial Class |
|--|-------------------------------------|--|---|--|
| <S>  | <C>                                 | <C>                                    | <C>   | <C>  |
| For the Year Ended December 31, 2004                                       |                                     |  |   |  |
| OPERATIONS:  |                                     |  |   |  |
| Net investment income (loss)   | \$ (1,451)                          | \$ (8,288)                             | \$ (12,388)   | \$ (88,123)  |
| Net realized gain (loss) on investments                                    | 4,481                               | 26,522                                 | (46,987)  | (853,176)  |
| Capital gain distributions from mutual funds                               | 1,064                               | --                                     | --  | --   |
| Net change in unrealized appreciation (depreciation)<br>of investments     | 60,999                              | 294,323                                | 490,259   | 2,514,875  |
| Increase (decrease) in net assets resulting from<br>operations             | 65,093                              | 312,557                                | 430,884   | 1,573,576  |
| PRINCIPAL TRANSACTIONS:  |                                     |  |   |  |
| Net premiums   | 186,753                             | 359,973                                | 1,023,618   | 3,316,924  |
| Net transfers from (to) other Divisions or fixed<br>rate option            | 195,630                             | 506,674                                | 149,381   | 1,069,813  |
| Internal rollovers   | --                                  | --                                     | 471   | --   |
| Cost of insurance and other charges  | (46,623)                            | (153,582)                              | (567,534)   | (1,597,659)  |
| Administrative charges   | (8,208)                             | (17,399)                               | (50,372)  | (135,864)  |
| Policy loans   | (355)                               | (10,883)                               | (17,494)  | (90,796)   |
| Terminations and withdrawals   | (4,738)                             | (20,485)                               | (46,023)  | (358,601)  |
| Increase (decrease) in net assets resulting from<br>principal transactions | 322,459                             | 664,298                                | 492,047   | 2,203,817  |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                    | 387,552                             | 976,855                                | 922,931   | 3,777,393  |
| NET ASSETS:  |                                     |  |   |  |
| Beginning of year  | 122,097                             | 808,287                                | 3,294,819   | 10,890,953   |
| End of year  | \$509,649                           | \$1,785,142                            | \$4,217,750   | \$14,668,346   |
| For the Year Ended December 31, 2003                                       |                                     |  |   |  |
| OPERATIONS:  |                                     |  |   |  |
| Net investment income (loss)   | \$ (201)                            | \$ (3,626)                             | \$ (12,512)   | \$ (63,944)  |
| Net realized gain (loss) on investments                                    | --                                  | 1,128                                  | (76,292)  | (1,772,200)  |
| Capital gain distributions from mutual funds                               | --                                  | --                                     | --  | --   |
| Net change in unrealized appreciation (depreciation)<br>of investments     | 10,159                              | 175,505                                | 748,094   | 4,119,769  |
| Increase (decrease) in net assets resulting from<br>operations             | 9,958                               | 173,007                                | 659,290   | 2,283,625  |
| PRINCIPAL TRANSACTIONS:  |                                     |  |   |  |
| Net premiums   | 6,420                               | 184,262                                | 978,715   | 2,882,107  |
| Net transfers from (to) other Divisions or fixed<br>rate option            | 111,047                             | 242,922                                | 242,910   | 636,191  |
| Internal rollovers   | --                                  | --                                     | --  | --   |
| Cost of insurance and other charges  | (4,705)                             | (91,397)                               | (530,646)   | (1,658,472)  |
| Administrative charges   | (316)                               | (9,053)                                | (48,492)  | (105,154)  |
| Policy loans   | (307)                               | (2,767)                                | (1,264)   | (60,579)   |
| Terminations and withdrawals   | --                                  | (9,405)                                | (133,731)   | (390,492)  |
| Increase (decrease) in net assets resulting from<br>principal transactions | 112,139                             | 314,562                                | 507,492   | 1,303,601  |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                    | 122,097                             | 487,569                                | 1,166,782   | 3,587,226  |
| NET ASSETS:  |                                     |  |   |  |
| Beginning of year  | --                                  | 320,718                                | 2,128,037   | 7,303,727  |
| End of year  | \$122,097                           | \$ 808,287                             | \$3,294,819   | \$10,890,953   |

</TABLE>

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

## STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>  
<CAPTION>

|  | Divisions  |   |   |   |
|--|--|---|---|---|
|  | MFS VIT New<br>Discovery Series -<br>Initial Class | MFS VIT Research<br>Series - Initial<br>Class | MFS VIT Total<br>Return Series -<br>Initial Class | Neuberger Berman<br>AMT Mid-Cap Growth<br>Portfolio - Class I |
| <S>  | <C>  | <C>   | <C>   | <C>   |
| For the Year Ended December 31, 2004                                       |  |   |   |   |
| OPERATIONS:  |  |   |   |   |
| Net investment income (loss)   | \$ (20,846)  | \$ 5,082                                      | \$ 7,334  | \$ (15,534)   |
| Net realized gain (loss) on investments                                    | (79)   | (3,382)                                       | 5,297   | 5,856   |
| Capital gain distributions from mutual funds                               | --   | --  | --  | --  |
| Net change in unrealized appreciation<br>(depreciation) of investments     | 246,557  | 222,855                                       | 72,622  | 369,446   |
| Increase (decrease) in net assets resulting<br>from operations             | 225,632  | 224,555                                       | 85,253  | 359,768   |
| PRINCIPAL TRANSACTIONS:  |  |   |   |   |
| Net premiums   | 812,401  | 493,307                                       | 7,022   | 643,527   |
| Net transfers from (to) other Divisions<br>or fixed rate option            | 354,915  | 78,407  | 134,849   | 443,552   |
| Internal rollovers   | 628  | --  | --  | --  |
| Cost of insurance and other charges  | (436,972)  | (263,159)                                     | (56,987)  | (338,096)   |
| Administrative charges   | (38,696)   | (23,442)                                      | --  | (31,384)  |
| Policy loans   | (6,318)  | 216   | 57  | (53,163)  |
| Terminations and withdrawals   | (540,934)  | (13,043)                                      | (10,043)  | (77,549)  |
| Increase (decrease) in net assets resulting<br>from principal transactions | 145,024  | 272,286                                       | 74,898  | 586,887   |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                    | 370,656  | 496,841                                       | 160,151   | 946,655   |
| NET ASSETS:  |  |   |   |   |
| Beginning of year  | 3,082,146  | 1,284,947                                     | 752,783   | 1,861,343   |
| End of year  | \$3,452,802  | \$1,781,788                                   | \$912,934   | \$2,807,998   |
| For the Year Ended December 31, 2003                                       |  |   |   |   |
| OPERATIONS:  |  |   |   |   |
| Net investment income (loss)   | \$ (16,667)  | \$ (639)                                      | \$ 6,275  | \$ (12,820)   |
| Net realized gain (loss) on investments                                    | (77,770)   | (31,868)                                      | (5,273)   | (59,197)  |
| Capital gain distributions from mutual funds                               | --   | --  | --  | --  |
| Net change in unrealized appreciation<br>(depreciation) of investments     | 763,494  | 260,832                                       | 96,968  | 622,686   |
| Increase (decrease) in net assets resulting<br>from operations             | 669,057  | 228,325                                       | 97,970  | 550,669   |
| PRINCIPAL TRANSACTIONS:  |  |   |   |   |
| Net premiums   | 648,572  | 425,030                                       | 5,366   | 534,232   |
| Net transfers from (to) other Divisions<br>or fixed rate option            | 525,864  | 84,559  | 90,955  | 222,849   |
| Internal rollovers   | --   | --  | --  | --  |
| Cost of insurance and other charges  | (319,494)  | (221,546)                                     | (51,740)  | (266,006)   |
| Administrative charges   | (30,969)   | (21,146)                                      | --  | (26,362)  |
| Policy loans   | (1,949)  | (8,345)                                       | --  | (11,148)  |
| Terminations and withdrawals   | (80,358)   | (19,454)                                      | (54,153)  | (929,746)   |
| Increase (decrease) in net assets resulting<br>from principal transactions | 741,666  | 239,098                                       | (9,572)   | (476,181)   |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                    | 1,410,723  | 467,423                                       | 88,398  | 74,488  |
| NET ASSETS:  |  |   |   |   |
| Beginning of year  | 1,671,423  | 817,524                                       | 664,385   | 1,786,855   |
| End of year  | \$3,082,146  | \$1,284,947                                   | \$752,783   | \$1,861,343   |

&lt;/TABLE&gt;

See accompanying notes.

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>  
<CAPTION>

|  | Divisions   |  |  |   |
|--|---|--|--|---|
|  | Neuberger Berman<br>AMT Partners<br>Portfolio - Class I | Oppenheimer<br>Balanced Fund/VA<br>- Non-Service<br>Shares | Oppenheimer<br>Global Securities<br>Fund/VA - Non-<br>Service Shares | Oppenheimer High<br>Income Fund/VA -<br>Non-Service<br>Shares |
| <S>  | <C>   | <C>  | <C>  | <C>   |
| For the Year Ended December 31, 2004                                       |   |  |  |   |
| <b>OPERATIONS:</b>   |   |  |  |   |
| Net investment income (loss)   | \$ (904)  | \$ 102   | \$ 597   | \$ 4,580  |
| Net realized gain (loss) on investments                                    | 667   | 1,569  | 8,496  | (150)   |
| Capital gain distributions from mutual funds                               | --  | --   | --   | --  |
| Net change in unrealized appreciation<br>(depreciation) of investments     | 21,027  | 50,025   | 139,006  | 2,560   |
|  | -----   | -----  | -----  | -----   |
| Increase (decrease) in net assets resulting from<br>operations             | 20,790  | 51,696   | 148,099  | 6,990   |
|  | -----   | -----  | -----  | -----   |
| <b>PRINCIPAL TRANSACTIONS:</b>   |   |  |  |   |
| Net premiums   | 5,473   | 159,444  | 269,594  | 5,599   |
| Net transfers from (to) other Divisions or<br>fixed rate option            | 3,403   | 376,838  | 619,962  | 23,072  |
| Internal rollovers   | --  | --   | --   | --  |
| Cost of insurance and other charges  | (3,270)   | (37,445)   | (97,905)   | (3,399)   |
| Administrative charges   | --  | (3,886)  | (12,984)   | --  |
| Policy loans   | --  | (387)  | (16,667)   | (1,774)   |
| Terminations and withdrawals   | (5,347)   | (2,591)  | (2,087)  | (1,803)   |
|  | -----   | -----  | -----  | -----   |
| Increase (decrease) in net assets resulting from<br>principal transactions | 259   | 491,973  | 759,913  | 21,695  |
|  | -----   | -----  | -----  | -----   |
| <b>TOTAL INCREASE (DECREASE) IN NET ASSETS</b>                             | <b>21,049</b>   | <b>543,669</b>   | <b>908,012</b>   | <b>28,685</b>   |
|  | -----   | -----  | -----  | -----   |
| <b>NET ASSETS:</b>   |   |  |  |   |
| Beginning of year  | 116,594   | 116,383  | 177,637  | 71,478  |
|  | -----   | -----  | -----  | -----   |
| End of year  | \$137,643   | \$ 660,052   | \$ 1,085,649   | \$ 100,163  |
|  | =====   | =====  | =====  | =====   |
| For the Year Ended December 31, 2003                                       |   |  |  |   |
| <b>OPERATIONS:</b>   |   |  |  |   |
| Net investment income (loss)   | \$ (788)  | \$ (91)  | \$ (134)   | \$ 7,742  |
| Net realized gain (loss) on investments                                    | (226)   | 8  | 659  | (8,505)   |
| Capital gain distributions from mutual funds                               | --  | --   | --   | --  |
| Net change in unrealized appreciation<br>(depreciation) of investments     | 30,029  | 6,321  | 19,921   | 17,487  |
|  | -----   | -----  | -----  | -----   |
| Increase (decrease) in net assets resulting from<br>operations             | 29,015  | 6,238  | 20,446   | 16,724  |
|  | -----   | -----  | -----  | -----   |
| <b>PRINCIPAL TRANSACTIONS:</b>   |   |  |  |   |
| Net premiums   | 5,114   | 3,591  | 14,355   | 1,531   |
| Net transfers from (to) other Divisions or<br>fixed rate option            | 1,183   | 108,982  | 147,158  | 3,074   |
| Internal rollovers   | --  | --   | --   | --  |
| Cost of insurance and other charges  | (2,976)   | (1,950)  | (3,274)  | (2,533)   |
| Administrative charges   | --  | (171)  | (741)  | --  |
| Policy loans   | --  | (307)  | (307)  | --  |
| Terminations and withdrawals   | --  | --   | --   | (57,763)  |
|  | -----   | -----  | -----  | -----   |
| Increase (decrease) in net assets resulting from<br>principal transactions | 3,321   | 110,145  | 157,191  | (55,691)  |
|  | -----   | -----  | -----  | -----   |
| <b>TOTAL INCREASE (DECREASE) IN NET ASSETS</b>                             | <b>32,336</b>   | <b>116,383</b>   | <b>177,637</b>   | <b>(38,967)</b>   |
|  | -----   | -----  | -----  | -----   |
| <b>NET ASSETS:</b>   |   |  |  |   |
| Beginning of year  | 84,258  | --   | --   | 110,445   |
|  | -----   | -----  | -----  | -----   |
| End of year  | \$116,594   | \$ 116,383   | \$ 177,637   | \$ 71,478   |
|  | =====   | =====  | =====  | =====   |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

## STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>  
<CAPTION>

|  | Divisions  |  |   |   |
|--|--|--|---|---|
|  | PIMCO VIT Real<br>Return Portfolio-<br>Administrative<br>Class | PIMCO VIT Short<br>-Term Portfolio-<br>Administrative<br>Class | PIMCO VIT Total<br>Return Portfolio-<br>Administrative<br>Class | Pioneer Fund<br>VCT Portfolio-<br>Class I |
| <S>  | <C>  | <C>  | <C>   | <C>                                       |
| For the Year Ended December 31, 2004                                       |  |  |   |   |
| OPERATIONS:  |  |  |   |   |
| Net investment income (loss)   | \$ 36,578  | \$ 32,807  | \$ 134,551  | \$ (1,358)                                |
| Net realized gain (loss) on investments                                    | 173,491  | 3,265  | 77,968  | 501                                       |
| Capital gain distributions from mutual funds                               | 394,221  | 13,531   | 170,475   | --  |
| Net change in unrealized appreciation (depreciation)<br>of investments     | 311,719  | (14,634)   | 57,924  | 73,097                                    |
| Increase (decrease) in net assets resulting from<br>operations             | 916,009  | 34,969   | 440,918   | 72,240                                    |
| PRINCIPAL TRANSACTIONS:  |  |  |   |   |
| Net premiums   | 2,176,398  | 981,480  | 2,333,234   | 19,619                                    |
| Net transfers from (to) other Divisions or fixed<br>rate option            | 3,469,820  | 1,182,171  | (39,015)  | 3,303,904                                 |
| Internal rollovers   | 733  | --   | --  | --  |
| Cost of insurance and other charges  | (1,664,055)  | (533,184)  | (1,319,888)   | (19,125)                                  |
| Administrative charges   | (103,711)  | (44,374)   | (110,507)   | (692)                                     |
| Policy loans   | (55,840)   | (19,362)   | 46,506  | 432                                       |
| Terminations and withdrawals   | (214,073)  | (101,086)  | (230,772)   | (31,037)                                  |
| Increase (decrease) in net assets resulting from<br>principal transactions | 3,609,272  | 1,465,645  | 679,558   | 3,273,101                                 |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                    | 4,525,281  | 1,500,614  | 1,120,476   | 3,345,341                                 |
| NET ASSETS:  |  |  |   |   |
| Beginning of year  | 8,516,394  | 4,496,787  | 10,740,623  | --  |
| End of year  | \$13,041,675   | \$5,997,401  | \$11,861,099  | \$3,345,341                               |
| For the Year Ended December 31, 2003                                       |  |  |   |   |
| OPERATIONS:  |  |  |   |   |
| Net investment income (loss)   | \$ 133,974+  | \$ 37,452  | \$ 212,092 +  | \$ --                                     |
| Net realized gain (loss) on investments                                    | 304,617  | 4,733  | 75,409  | --  |
| Capital gain distributions from mutual funds                               | 173,308+   | 5,940  | 83,844 +  | --  |
| Net change in unrealized appreciation (depreciation)<br>of investments     | (53,420)   | 1,466  | 17,793  | --  |
| Increase (decrease) in net assets resulting from<br>operations             | 558,479  | 49,591   | 389,138   | --  |
| PRINCIPAL TRANSACTIONS:  |  |  |   |   |
| Net premiums   | 2,271,260  | 671,086  | 2,104,538   | --  |
| Net transfers from (to) other Divisions or fixed<br>rate option            | 1,416,476  | 1,947,753  | 1,352,598   | --  |
| Internal rollovers   | --   | --   | --  | --  |
| Cost of insurance and other charges  | (983,514)  | (426,413)  | (1,103,217)   | --  |
| Administrative charges   | (106,171)  | (32,641)   | (100,344)   | --  |
| Policy loans   | (276,152)  | 11,267   | (71,282)  | --  |
| Terminations and withdrawals   | (486,420)  | (167,101)  | (272,047)   | --  |
| Increase (decrease) in net assets resulting from<br>principal transactions | 1,835,479  | 2,003,951  | 1,910,246   | --  |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                    | 2,393,958  | 2,053,542  | 2,299,384   | --  |
| NET ASSETS:  |  |  |   |   |
| Beginning of year  | 6,122,436  | 2,443,245  | 8,441,239   | --  |
| End of year  | \$ 8,516,394   | \$4,496,787  | \$10,740,623  | \$ --                                     |

</TABLE>

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>  
<CAPTION>

|  | Divisions  |  |   |   |
|--|--|--|---|---|
|  | Pioneer Growth<br>Opportunities VCT<br>Portfolio - Class I | Putnam VT<br>Diversified<br>Income Fund-<br>Class IB | Putnam VT<br>and Income Fund-<br>Class IB | Putnam VT<br>International<br>Growth and<br>Income Fund -<br>Class IB |
| <S>  | <C>  | <C>  | <C>                                       | <C>   |
| For the Year Ended December 31, 2004                                       |  |  |   |   |
| OPERATIONS:  |  |  |   |   |
| Net investment income (loss)   | \$ (2,330)   | \$ 517,294   | \$ 143,454                                | \$ 30,028   |
| Net realized gain (loss) on investments                                    | 976  | 26,141   | (55,906)                                  | 32,665  |
| Capital gain distributions from mutual funds                               | --   | --   | --  | --  |
| Net change in unrealized appreciation (depreciation)<br>of investments     | 156,168  | (17,044)   | 1,522,181                                 | 857,207   |
| Increase (decrease) in net assets resulting from<br>operations             | 154,814  | 526,391  | 1,609,729                                 | 919,900   |
| PRINCIPAL TRANSACTIONS:  |  |  |   |   |
| Net premiums   | 36,164   | 1,570,258  | 3,652,809                                 | 814,291   |
| Net transfers from (to) other Divisions or fixed<br>rate option            | 5,532,368  | 158,434  | 342,034                                   | (655,262)   |
| Internal rollovers   | --   | --   | --  | 523   |
| Cost of insurance and other charges  | (30,992)   | (293,089)  | (1,469,258)                               | (518,773)   |
| Administrative charges   | (1,381)  | (123,547)  | (217,556)                                 | (35,336)  |
| Policy loans   | (4,152)  | (12,670)   | (111,998)                                 | (14,803)  |
| Terminations and withdrawals   | (54,128)   | (161,734)  | (243,358)                                 | (88,279)  |
| Increase (decrease) in net assets resulting from<br>principal transactions | 5,477,879  | 1,137,652  | 1,952,673                                 | (497,639)   |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                    | 5,632,693  | 1,664,043  | 3,562,402                                 | 422,261   |
| NET ASSETS:  |  |  |   |   |
| Beginning of year  | --   | 5,869,295  | 14,521,216                                | 5,063,163   |
| End of year  | \$ 5,632,693   | \$ 7,533,338   | \$ 18,083,618                             | \$ 5,485,424  |

For the Year Ended December 31, 2003

|  |       |            |             |             |
|--|-------|------------|-------------|-------------|
| OPERATIONS:  |       |            |             |             |
| Net investment income (loss)   | \$ -- | \$ 337,503 | \$ 126,761  | \$ 45,773   |
| Net realized gain (loss) on investments                                    | --    | (10,841)   | (366,503)   | 28,250      |
| Capital gain distributions from mutual funds                               | --    | --         | --          | --          |
| Net change in unrealized appreciation (depreciation)<br>of investments     | --    | 444,180    | 3,033,842   | 1,725,291   |
| Increase (decrease) in net assets resulting from<br>operations             | --    | 770,842    | 2,794,100   | 1,799,314   |
| PRINCIPAL TRANSACTIONS:  |       |            |             |             |
| Net premiums   | --    | 1,658,759  | 3,872,320   | 987,946     |
| Net transfers from (to) other Divisions or fixed<br>rate option            | --    | 393,258    | 763,265     | 175,916     |
| Internal rollovers   | --    | --         | --          | --          |
| Cost of insurance and other charges  | --    | (266,249)  | (1,433,233) | (463,675)   |
| Administrative charges   | --    | (131,765)  | (227,454)   | (42,520)    |
| Policy loans   | --    | (57,380)   | (62,002)    | (10,928)    |
| Terminations and withdrawals   | --    | (84,372)   | (781,349)   | (1,825,361) |
| Increase (decrease) in net assets resulting from<br>principal transactions | --    | 1,512,251  | 2,131,547   | (1,178,622) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                    | --    | 2,283,093  | 4,925,647   | 620,692     |

|                   |       |              |               |              |
|-------------------|-------|--------------|---------------|--------------|
| NET ASSETS:       |       |              |               |              |
| Beginning of year | --    | 3,586,202    | 9,595,569     | 4,442,471    |
|                   | ----- | -----        | -----         | -----        |
| End of year       | \$ -- | \$ 5,869,295 | \$ 14,521,216 | \$ 5,063,163 |
|                   | ===== | =====        | =====         | =====        |

</TABLE>

See accompanying notes.

VL-R-16

AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>  
<CAPTION>

|  | Divisions                                       |                                    |                                      |                                     |
|--|---|------------------------------------|--------------------------------------|-------------------------------------|
|  | Putnam VT Small<br>Cap Value Fund -<br>Class IB | Putnam VT Vista<br>Fund - Class IB | Putnam VT Voyager<br>Fund - Class IB | Safeco RST Core<br>Equity Portfolio |
|  | <C>   | <C>                                | <C>                                  | <C>                                 |
| <b>&lt;S&gt;</b>   |   |                                    |                                      |                                     |
| For the Year Ended December 31, 2004                                       |   |                                    |                                      |                                     |
| <b>OPERATIONS:</b>   |   |                                    |                                      |                                     |
| Net investment income (loss)   | \$ (1,711)                                      | \$ (582)                           | \$ (1,615)                           | \$ 14,322                           |
| Net realized gain (loss) on investments                                    | 10,858  | (433)                              | (5,058)                              | 258,706                             |
| Capital gain distributions from mutual funds                               | --  | --                                 | --                                   | --                                  |
| Net change in unrealized appreciation (depreciation)<br>of investments     | 91,048  | 13,691                             | 19,350                               | (128,898)                           |
|  | -----   | -----                              | -----                                | -----                               |
| Increase (decrease) in net assets resulting from<br>operations             | 100,195   | 12,676                             | 12,677                               | 144,130                             |
|  | -----   | -----                              | -----                                | -----                               |
| <b>PRINCIPAL TRANSACTIONS:</b>   |   |                                    |                                      |                                     |
| Net premiums   | 12,736  | 1,897                              | 6,693                                | 465,219                             |
| Net transfers from (to) other Divisions or fixed<br>rate option            | 3,785   | 2,751                              | 67,851                               | (3,365,906)                         |
| Internal rollovers   | --  | --                                 | --                                   | --                                  |
| Cost of insurance and other charges  | (12,817)  | (1,917)                            | (17,531)                             | (302,345)                           |
| Administrative charges   | --  | --                                 | --                                   | (17,577)                            |
| Policy loans   | (5,980)   | (3,773)                            | (6,102)                              | (8,834)                             |
| Terminations and withdrawals   | (7,874)   | (501)                              | --                                   | (71,255)                            |
|  | -----   | -----                              | -----                                | -----                               |
| Increase (decrease) in net assets resulting from<br>principal transactions | (10,150)  | (1,543)                            | 50,911                               | (3,300,698)                         |
|  | -----   | -----                              | -----                                | -----                               |
| <b>TOTAL INCREASE (DECREASE) IN NET ASSETS</b>                             | <b>90,045</b>                                   | <b>11,133</b>                      | <b>63,588</b>                        | <b>(3,156,568)</b>                  |
|  | -----   | -----                              | -----                                | -----                               |
| <b>NET ASSETS:</b>   |   |                                    |                                      |                                     |
| Beginning of year  | 407,015   | 73,086                             | 266,775                              | 3,156,568                           |
|  | -----   | -----                              | -----                                | -----                               |
| End of year  | \$497,060                                       | \$84,219                           | \$ 330,363                           | \$ --                               |
|  | =====   | =====                              | =====                                | =====                               |

For the Year Ended December 31, 2003

|  |            |          |          |           |
|--|------------|----------|----------|-----------|
| <b>OPERATIONS:</b>   |            |          |          |           |
| Net investment income (loss)   | \$ (1,469) | \$ (335) | \$ (780) | \$ 6,591  |
| Net realized gain (loss) on investments                                    | 1,539      | (23)     | (19,611) | (246,197) |
| Capital gain distributions from mutual funds                               | --         | --       | --       | --        |
| Net change in unrealized appreciation (depreciation)<br>of investments     | 132,063    | 17,731   | 63,728   | 878,719   |
|  | -----      | -----    | -----    | -----     |
| Increase (decrease) in net assets resulting from<br>operations             | 132,133    | 17,373   | 43,337   | 639,113   |
|  | -----      | -----    | -----    | -----     |
| <b>PRINCIPAL TRANSACTIONS:</b>   |            |          |          |           |
| Net premiums   | 7,836      | 2,517    | 3,522    | 758,391   |
| Net transfers from (to) other Divisions or fixed<br>rate option            | 21,555     | 2,556    | 78,006   | (190,682) |
| Internal rollovers   | --         | --       | --       | --        |
| Cost of insurance and other charges  | (12,245)   | (1,845)  | (13,251) | (367,928) |
| Administrative charges   | --         | --       | --       | (26,290)  |
| Policy loans   | (3,983)    | --       | (54)     | (52,990)  |
| Terminations and withdrawals   | (183)      | --       | (55,887) | (416,636) |
|  | -----      | -----    | -----    | -----     |
| Increase (decrease) in net assets resulting from<br>principal transactions | 12,980     | 3,228    | 12,336   | (296,135) |
|  | -----      | -----    | -----    | -----     |

|   |           |          |            |              |
|---|-----------|----------|------------|--------------|
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 145,113   | 20,601   | 55,673     | 342,978      |
| NET ASSETS:                             |           |          |            |              |
| Beginning of year                       | 261,902   | 52,485   | 211,102    | 2,813,590    |
| End of year                             | \$407,015 | \$73,086 | \$ 266,775 | \$ 3,156,568 |

</TABLE>

See accompanying notes.

VL-R-17

AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>  
<CAPTION>

|  | Divisions  |                                       |   |   |
|--|--|---------------------------------------|---|---|
|  | Safeco RST<br>Growth<br>Opportunities<br>Portfolio | Scudder<br>International<br>Portfolio | Scudder VIT<br>EAFE Equity<br>Index Fund -<br>Class A | Scudder VIT Equity<br>500 Index Fund -<br>Class A |
|  | <C>  | <C>                                   | <C>   | <C>   |
| For the Year Ended December 31, 2004                                       |  |                                       |   |   |
| OPERATIONS:  |  |                                       |   |   |
| Net investment income (loss)   | \$ (35,015)  | \$--                                  | \$--  | \$ 55   |
| Net realized gain (loss) on investments                                    | 1,154,898  | --                                    | --  | (110)   |
| Capital gain distributions from mutual funds                               | --   | --                                    | --  | --  |
| Net change in unrealized appreciation<br>(depreciation) of investments     | (244,287)  | --                                    | --  | 1,752   |
| Increase (decrease) in net assets resulting<br>from operations             | 875,596  | --                                    | --  | 1,697   |
| PRINCIPAL TRANSACTIONS:  |  |                                       |   |   |
| Net premiums   | 809,051  | --                                    | --  | 3,902   |
| Net transfers from (to) other Divisions or<br>fixed rate option            | (5,863,505)  | --                                    | --  | (1)   |
| Internal rollovers   | --   | --                                    | --  | --  |
| Cost of insurance and other charges  | (523,246)  | --                                    | --  | (2,197)   |
| Administrative charges   | (33,179)   | --                                    | --  | --  |
| Policy loans   | (130,912)  | --                                    | --  | --  |
| Terminations and withdrawals   | (162,819)  | --                                    | --  | --  |
| Increase (decrease) in net assets resulting<br>from principal transactions | (5,904,610)  | --                                    | --  | 1,704   |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                    | (5,029,014)  | --                                    | --  | 3,401   |
| NET ASSETS:  |  |                                       |   |   |
| Beginning of year  | 5,029,014  | --                                    | --  | 15,448  |
| End of year  | \$ --  | \$--                                  | \$--  | \$18,849  |

For the Year Ended December 31, 2003

|  |             |      |      |         |
|--|-------------|------|------|---------|
| OPERATIONS:  |             |      |      |         |
| Net investment income (loss)   | \$ (29,697) | \$-- | \$-- | \$ 88   |
| Net realized gain (loss) on investments                                | (419,891)   | --   | --   | (117)   |
| Capital gain distributions from mutual funds                           | --          | --   | --   | --      |
| Net change in unrealized appreciation<br>(depreciation) of investments | 1,933,768   | --   | --   | 3,269   |
| Increase (decrease) in net assets resulting<br>from operations         | 1,484,180   | --   | --   | 3,240   |
| PRINCIPAL TRANSACTIONS:  |             |      |      |         |
| Net premiums   | 1,109,783   | --   | --   | 2,601   |
| Net transfers from (to) other Divisions or<br>fixed rate option        | (216,155)   | (3)  | (2)  | 1       |
| Internal rollovers   | --          | --   | --   | --      |
| Cost of insurance and other charges                                    | (616,883)   | --   | --   | (2,097) |
| Administrative charges   | (44,183)    | --   | --   | --      |
| Policy loans   | (89,094)    | --   | --   | --      |
| Terminations and withdrawals   | (332,512)   | --   | --   | --      |
| Increase (decrease) in net assets resulting                            |             |      |      |         |

|   |              |      |      |          |
|---|--------------|------|------|----------|
| from principal transactions             | (189,044)    | (3)  | (2)  | 505      |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 1,295,136    | (3)  | (2)  | 3,745    |
| NET ASSETS:                             |              |      |      |          |
| Beginning of year                       | 3,733,878    | 3    | 2    | 11,703   |
| End of year                             | \$ 5,029,014 | \$-- | \$-- | \$15,448 |

</TABLE>

See accompanying notes.

VL-R-18

AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>  
<CAPTION>

|  | Divisions  |   |   |                                       |
|--|--|---|---|---------------------------------------|
|  | SunAmerica -<br>Aggressive Growth<br>Portfolio - Class 1 | SunAmerica -<br>Balanced Portfolio -<br>Class 1 | UIF Equity<br>Growth Portfolio<br>- Class I | UIF High Yield<br>Portfolio - Class I |
| <S>  | <C>  | <C>   | <C>   | <C>                                   |
| For the Year Ended December 31, 2004                                       |  |   |   |                                       |
| OPERATIONS:  |  |   |   |                                       |
| Net investment income (loss)   | \$ (2,504)   | \$ 5,922  | \$ (20,326)                                 | \$ 92,657                             |
| Net realized gain (loss) on investments                                    | 7,078  | 2,574   | (366,107)                                   | (82,802)                              |
| Capital gain distributions from mutual funds                               | --   | --  | --  | --                                    |
| Net change in unrealized appreciation<br>(depreciation) of investments     | 59,599   | 30,488  | 618,080                                     | 133,762                               |
| Increase (decrease) in net assets resulting<br>from operations             | 64,173   | 38,984  | 231,647                                     | 143,617                               |
| PRINCIPAL TRANSACTIONS:  |  |   |   |                                       |
| Net premiums   | 155,581  | 315,273   | 745,909                                     | 257,386                               |
| Net transfers from (to) other Divisions or<br>fixed rate option            | 135,233  | 172,538   | (322,697)                                   | (178,468)                             |
| Internal rollovers   | --   | --  | --  | --                                    |
| Cost of insurance and other charges  | (67,546)   | (122,587)                                       | (450,162)                                   | (149,087)                             |
| Administrative charges   | (7,525)  | (14,790)  | (23,465)                                    | (10,498)                              |
| Policy loans   | (3,259)  | (4,727)   | (59,432)                                    | (5,135)                               |
| Terminations and withdrawals   | (5,419)  | (11,795)  | (172,684)                                   | (132,288)                             |
| Increase (decrease) in net assets resulting<br>from principal transactions | 207,065  | 333,912   | (282,531)                                   | (218,090)                             |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                    | 271,238  | 372,896   | (50,884)                                    | (74,473)                              |
| NET ASSETS:  |  |   |   |                                       |
| Beginning of year  | 243,956  | 361,266   | 3,766,071                                   | 1,812,172                             |
| End of year  | \$515,194  | \$ 734,162                                      | \$3,715,187                                 | \$1,737,699                           |

For the Year Ended December 31, 2003

|  |          |          |             |             |
|--|----------|----------|-------------|-------------|
| OPERATIONS:  |          |          |             |             |
| Net investment income (loss)   | \$ (955) | \$ 4,873 | \$ (25,672) | \$ (11,182) |
| Net realized gain (loss) on investments                                | 889      | 18       | (808,862)   | (71,559)    |
| Capital gain distributions from mutual funds                           | --       | --       | --          | --          |
| Net change in unrealized appreciation<br>(depreciation) of investments | 30,987   | 27,522   | 1,605,587   | 430,126     |
| Increase (decrease) in net assets resulting<br>from operations         | 30,921   | 32,413   | 771,053     | 347,385     |
| PRINCIPAL TRANSACTIONS:  |          |          |             |             |
| Net premiums   | 52,688   | 127,729  | 815,440     | 270,783     |
| Net transfers from (to) other Divisions or<br>fixed rate option        | 170,242  | 173,438  | (425,787)   | 89,086      |
| Internal rollovers   | --       | --       | --          | --          |
| Cost of insurance and other charges                                    | (25,036) | (58,435) | (508,401)   | (152,488)   |
| Administrative charges   | (2,547)  | (5,762)  | (24,928)    | (9,818)     |
| Policy loans   | (398)    | (394)    | (24,477)    | (25,743)    |
| Terminations and withdrawals   | --       | (444)    | (292,607)   | (82,763)    |

|   |           |            |             |             |
|---|-----------|------------|-------------|-------------|
| Increase (decrease) in net assets resulting from principal transactions | 194,949   | 236,132    | (460,760)   | 89,057      |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                 | 225,870   | 268,545    | 310,293     | 436,442     |
| NET ASSETS:   |           |            |             |             |
| Beginning of year   | 18,086    | 92,721     | 3,455,778   | 1,375,730   |
| End of year   | \$243,956 | \$ 361,266 | \$3,766,071 | \$1,812,172 |

</TABLE>

See accompanying notes.

VL-R-19

AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>  
<CAPTION>

|  | Divisions   |  |   |   |
|--|---|--|---|---|
|  | VALIC Company I -<br>International<br>Equities Fund | VALIC Company<br>I - Mid Cap<br>Index Fund | VALIC Company<br>I - Money Market<br>I Fund | VALIC Company I -<br>Nasdaq-100 Index<br>Fund |
| <S>  | <C>   | <C>  | <C>   | <C>   |
| For the Year Ended December 31, 2004                                       |   |  |   |   |
| OPERATIONS:  |   |  |   |   |
| Net investment income (loss)   | \$ 12,125   | \$ 18,461                                  | \$ 36,933                                   | \$ (2,879)                                    |
| Net realized gain (loss) on investments                                    | 12,197  | 63,445                                     | --  | 14,891  |
| Capital gain distributions from mutual funds                               | --  | 261,970                                    | --  | --  |
| Net change in unrealized appreciation<br>(depreciation) of investments     | 260,211   | 1,692,164                                  | --  | 286,502                                       |
| Increase (decrease) in net assets resulting<br>from operations             | 284,533   | 2,036,040                                  | 36,933                                      | 298,514                                       |
| PRINCIPAL TRANSACTIONS:  |   |  |   |   |
| Net premiums   | 350,831   | 2,310,297                                  | 30,715,615                                  | 717,683                                       |
| Net transfers from (to) other Divisions or<br>fixed rate option            | 215,122   | 241,756                                    | (28,049,796)                                | 189,378                                       |
| Internal rollovers   | --  | --   | 3,612,767                                   | --  |
| Cost of insurance and other charges  | (167,435)   | (1,277,626)                                | (5,543,294)                                 | (373,262)                                     |
| Administrative charges   | (14,589)  | (96,438)                                   | (1,337,054)                                 | (33,515)                                      |
| Policy loans   | (10,416)  | (77,821)                                   | 287,668                                     | (38,145)                                      |
| Terminations and withdrawals   | (589,948)   | (1,072,007)                                | (1,854,404)                                 | (43,092)                                      |
| Increase (decrease) in net assets resulting<br>from principal transactions | (216,435)   | 28,161                                     | (2,168,498)                                 | 419,047                                       |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                    | 68,098  | 2,064,201                                  | (2,131,565)                                 | 717,561                                       |
| NET ASSETS:  |   |  |   |   |
| Beginning of year  | 1,854,441   | 13,398,170                                 | 36,677,678                                  | 2,943,353                                     |
| End of year  | \$1,922,539   | \$15,462,371                               | \$ 34,546,113                               | \$3,660,914                                   |

For the Year Ended December 31, 2003

|  |           |             |              |             |
|--|-----------|-------------|--------------|-------------|
| OPERATIONS:  |           |             |              |             |
| Net investment income (loss)   | \$ 11,779 | \$ (2,608)  | \$ (39,000)  | \$ (14,653) |
| Net realized gain (loss) on investments                                | (188,763) | (420,348)   | --           | (153,402)   |
| Capital gain distributions from mutual funds                           | --        | 101,586     | --           | --          |
| Net change in unrealized appreciation<br>(depreciation) of investments | 576,934   | 3,596,532   | --           | 960,016     |
| Increase (decrease) in net assets resulting<br>from operations         | 399,950   | 3,275,162   | (39,000)     | 791,961     |
| PRINCIPAL TRANSACTIONS:  |           |             |              |             |
| Net premiums   | 216,967   | 2,263,927   | 36,945,344   | 636,919     |
| Net transfers from (to) other Divisions or<br>fixed rate option        | 204,654   | 860,042     | (36,108,365) | 634,553     |
| Internal rollovers   | --        | --          | 5,128,027    | --          |
| Cost of insurance and other charges                                    | (145,751) | (1,213,346) | (6,913,801)  | (281,546)   |
| Administrative charges   | (9,306)   | (95,916)    | (1,579,738)  | (30,416)    |
| Policy loans   | (4,276)   | (22,683)    | 239,468      | 107         |
| Terminations and withdrawals   | (138,241) | (411,368)   | (2,937,192)  | (98,553)    |

|   |             |              |               |             |
|---|-------------|--------------|---------------|-------------|
| Increase (decrease) in net assets resulting from principal transactions | 124,047     | 1,380,656    | (5,226,257)   | 861,064     |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                 | 523,997     | 4,655,818    | (5,265,257)   | 1,653,025   |
| NET ASSETS:   |             |              |               |             |
| Beginning of year   | 1,330,444   | 8,742,352    | 41,942,935    | 1,290,328   |
| End of year   | \$1,854,441 | \$13,398,170 | \$ 36,677,678 | \$2,943,353 |

</TABLE>

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>  
<CAPTION>

|   | Divisions   |  |  |  |
|---|---|--|--|--|
|   | VALIC Company I -<br>Science &<br>Technology Fund | VALIC Company<br>I - Small Cap<br>Index Fund | VALIC Company<br>I - Stock Index<br>Fund | Van Kampen LIT<br>Emerging Growth<br>Portfolio - Class I |
|   | <C>   | <C>  | <C>                                      | <C>  |
| <S>   |   |  |  |  |
| For the Year Ended December 31, 2004                                    |   |  |  |  |
| OPERATIONS:   |   |  |  |  |
| Net investment income (loss)  | \$ (7,500)  | \$ 6,973                                     | \$ 351,779                               | \$ (434)   |
| Net realized gain (loss) on investments                                 | (18,283)  | 104,457                                      | (1,394,158)                              | (2,236)  |
| Capital gain distributions from mutual funds                            | --  | --   | 528,082                                  | --   |
| Net change in unrealized appreciation (depreciation) of investments     | 42,141  | 559,064                                      | 3,691,151                                | 5,913  |
| Increase (decrease) in net assets resulting from operations             | 16,358  | 670,494                                      | 3,176,854                                | 3,243  |
| PRINCIPAL TRANSACTIONS:   |   |  |  |  |
| Net premiums  | 258,685   | 896,293                                      | 8,057,419                                | 7,310  |
| Net transfers from (to) other Divisions or fixed rate option            | 253,735   | 228,512                                      | (9,837,544)                              | (292)  |
| Internal rollovers  | --  | --   | --                                       | --   |
| Cost of insurance and other charges                                     | (178,049)   | (340,399)                                    | (3,622,858)                              | (2,859)  |
| Administrative charges  | (12,547)  | (40,272)                                     | (346,012)                                | --   |
| Policy loans  | (11,499)  | (86,800)                                     | (428,055)                                | (8,306)  |
| Terminations and withdrawals  | (15,658)  | (37,241)                                     | (2,087,792)                              | (1,525)  |
| Increase (decrease) in net assets resulting from principal transactions | 294,667   | 620,093                                      | (8,264,842)                              | (5,672)  |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                 | 311,025   | 1,290,587                                    | (5,087,988)                              | (2,429)  |
| NET ASSETS:   |   |  |  |  |
| Beginning of year   | 927,047   | 3,649,382                                    | 43,967,435                               | 59,393   |
| End of year   | \$1,238,072                                       | \$4,939,969                                  | \$38,879,447                             | \$ 56,964  |

For the Year Ended December 31, 2003

|   |            |            |              |          |
|---|------------|------------|--------------|----------|
| OPERATIONS:   |            |            |              |          |
| Net investment income (loss)  | \$ (4,284) | \$ (3,188) | \$ 239,190 + | \$ (417) |
| Net realized gain (loss) on investments                             | (20,757)   | (52,742)   | (2,794,127)  | (21,092) |
| Capital gain distributions from mutual funds                        | --         | --         | 143,318 +    | --       |
| Net change in unrealized appreciation (depreciation) of investments | 285,268    | 1,005,025  | 11,335,046   | 34,653   |
| Increase (decrease) in net assets resulting from operations         | 260,227    | 949,095    | 8,923,427    | 13,144   |
| PRINCIPAL TRANSACTIONS:   |            |            |              |          |
| Net premiums  | 256,569    | 485,690    | 9,618,556    | 6,192    |
| Net transfers from (to) other Divisions or fixed rate option        | 129,000    | 848,960    | 2,978,412    | 8,525    |
| Internal rollovers  | --         | --         | --           | --       |
| Cost of insurance and other charges                                 | (109,973)  | (233,702)  | (3,775,692)  | (2,590)  |
| Administrative charges  | (12,409)   | (23,992)   | (447,770)    | --       |

|   |            |             |              |           |
|---|------------|-------------|--------------|-----------|
| Policy loans  | (73)       | (7,951)     | (22,463)     | --        |
| Terminations and withdrawals  | (17,464)   | (57,319)    | (1,925,003)  | (37,276)  |
|   | -----      | -----       | -----        | -----     |
| Increase (decrease) in net assets resulting from principal transactions | 245,650    | 1,011,686   | 6,426,040    | (25,149)  |
|   | -----      | -----       | -----        | -----     |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                 | 505,877    | 1,960,781   | 15,349,467   | (12,005)  |
| NET ASSETS:   |            |             |              |           |
| Beginning of year   | 421,170    | 1,688,601   | 28,617,968   | 71,398    |
|   | -----      | -----       | -----        | -----     |
| End of year   | \$ 927,047 | \$3,649,382 | \$43,967,435 | \$ 59,393 |
|   | =====      | =====       | =====        | =====     |

</TABLE>

See accompanying notes.

VL-R-21

AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

|   | Divisions   |  |  |   |
|---|---|--|--|---|
|   | Van Kampen LIT<br>Government<br>Portfolio - Class I | Van Kampen LIT<br>Growth and Income<br>Portfolio - Class I | Vanguard VIF<br>High Yield Bond<br>Portfolio | Vanguard VIF<br>REIT Index<br>Portfolio |
|   | <C>   | <C>  | <C>  | <C>                                     |
| <S>   |   |  |  |   |
| For the Year Ended December 31, 2004                                    |   |  |  |   |
| OPERATIONS:   |   |  |  |   |
| Net investment income (loss)  | \$ 7,002  | \$ 10,127  | \$ 282,963                                   | \$ 147,065                              |
| Net realized gain (loss) on investments                                 | (866)   | 51,123   | 94,067                                       | 151,782                                 |
| Capital gain distributions from mutual funds                            | --  | --   | --   | 133,973                                 |
| Net change in unrealized appreciation (depreciation) of investments     | (347)   | 589,542  | 70,046                                       | 1,752,276                               |
|   | -----   | -----  | -----  | -----                                   |
| Increase (decrease) in net assets resulting from operations             | 5,789   | 650,792  | 447,076                                      | 2,185,096                               |
|   | -----   | -----  | -----  | -----                                   |
| PRINCIPAL TRANSACTIONS:   |   |  |  |   |
| Net premiums  | 5,034   | 1,172,509  | 1,796,629                                    | 2,016,307                               |
| Net transfers from (to) other Divisions or fixed rate option            | 31,808  | 854,019  | 1,437,341                                    | 1,385,398                               |
| Internal rollovers  | --  | 837  | --   | 785                                     |
| Cost of insurance and other charges                                     | (25,194)  | (570,947)  | (602,432)                                    | (818,723)                               |
| Administrative charges  | --  | (52,766)   | (88,902)                                     | (92,824)                                |
| Policy loans  | (1,542)   | (51,964)   | 11,314                                       | (62,371)                                |
| Terminations and withdrawals  | (1,011)   | (166,704)  | (88,179)                                     | (108,818)                               |
|   | -----   | -----  | -----  | -----                                   |
| Increase (decrease) in net assets resulting from principal transactions | 9,095   | 1,184,984  | 2,465,771                                    | 2,319,754                               |
|   | -----   | -----  | -----  | -----                                   |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                 | 14,884  | 1,835,776  | 2,912,847                                    | 4,504,850                               |
| NET ASSETS:   |   |  |  |   |
| Beginning of year   | 163,224   | 3,820,368  | 4,294,531                                    | 6,098,146                               |
|   | -----   | -----  | -----  | -----                                   |
| End of year   | \$178,108   | \$5,656,144  | \$7,207,378                                  | \$10,602,996                            |
|   | =====   | =====  | =====  | =====                                   |

For the Year Ended December 31, 2003

|   |          |          |            |              |
|---|----------|----------|------------|--------------|
| OPERATIONS:   |          |          |            |              |
| Net investment income (loss)  | \$ 5,142 | \$ 5,869 | \$ 154,330 | \$ 117,989 + |
| Net realized gain (loss) on investments                             | 577      | (74,987) | 32,404     | 29,227       |
| Capital gain distributions from mutual funds                        | --       | --       | --         | 115,525 +    |
| Net change in unrealized appreciation (depreciation) of investments | (4,265)  | 800,092  | 288,914    | 1,118,953    |
|   | -----    | -----    | -----      | -----        |
| Increase (decrease) in net assets resulting from operations         | 1,454    | 730,974  | 475,648    | 1,381,694    |
|   | -----    | -----    | -----      | -----        |
| PRINCIPAL TRANSACTIONS:   |          |          |            |              |
| Net premiums  | 2,634    | 891,596  | 725,583    | 1,247,148    |

|   |           |             |             |              |
|---|-----------|-------------|-------------|--------------|
| Net transfers from (to) other Divisions or fixed rate option            | 60,630    | 811,551     | 1,395,290   | 1,224,911    |
| Internal rollovers  | --        | --          | --          | --           |
| Cost of insurance and other charges                                     | (19,519)  | (424,419)   | (476,367)   | (560,979)    |
| Administrative charges  | --        | (40,176)    | (34,883)    | (60,804)     |
| Policy loans  | --        | (45,305)    | (12,655)    | (209,742)    |
| Terminations and withdrawals  | (18,177)  | (209,486)   | (16,354)    | (177,062)    |
|   | -----     | -----       | -----       | -----        |
| Increase (decrease) in net assets resulting from principal transactions | 25,568    | 983,761     | 1,580,614   | 1,463,472    |
|   | -----     | -----       | -----       | -----        |
| TOTAL INCREASE (DECREASE) IN NET ASSETS                                 | 27,022    | 1,714,735   | 2,056,262   | 2,845,166    |
| NET ASSETS:   |           |             |             |              |
| Beginning of year   | 136,202   | 2,105,633   | 2,238,269   | 3,252,980    |
|   | -----     | -----       | -----       | -----        |
| End of year   | \$163,224 | \$3,820,368 | \$4,294,531 | \$ 6,098,146 |
|   | =====     | =====       | =====       | =====        |

</TABLE>

+ Net investment income (loss) and capital gain distributions from mutual funds for the respective Divisions have been restated due to a misclassification of short-term capital gains in prior years. See Note H for further disclosure.

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS

Note A - Organization

Separate Account VL-R (the "Separate Account") was established by resolution of the Board of Directors of American General Life Insurance Company (the "Company") on May 6, 1997 to fund variable universal life insurance policies issued by the Company. The following products are included in the Separate Account: AG Legacy Plus, Corporate America, Legacy Plus, Platinum Investor I, Platinum Investor II, Platinum Investor III, Platinum Investor FlexDirector, Platinum Investor PLUS, Platinum Investor Survivor, Platinum Investor Survivor II and The One VUL Solution. Of the products listed, Legacy Plus, Platinum Investor I, Platinum Investor Survivor and The One VUL Solution are no longer offered for sale. The Company is an indirect, wholly-owned subsidiary of American International Group, Inc. The Separate Account is registered with the Securities and Exchange Commission as a unit investment trust pursuant to the provisions of the Investment Company Act of 1940, as amended.

The Separate Account is divided into "Divisions", which invest in independently managed mutual fund portfolios ("Funds"). The Funds available to policy owners through the various Divisions are as follows:

AIM Variable Insurance Funds ("AIM V.I."):  
AIM V.I. International Growth Fund - Series I  
AIM V.I. Premier Equity Fund - Series I

The Alger American Fund:  
Alger American Leveraged AllCap Portfolio - Class O Shares  
Alger American MidCap Growth Portfolio - Class O Shares

American Century Variable Portfolios, Inc. ("American Century VP"):  
American Century VP Value Fund - Class I

Ayco Series Trust:  
Ayco Growth Fund (1)

Credit Suisse Trust ("Credit Suisse"):  
Credit Suisse Small Cap Growth Portfolio

Dreyfus Investment Portfolios ("Dreyfus IP"):  
Dreyfus IP MidCap Stock Portfolio - Initial shares

Dreyfus Variable Investment Fund ("Dreyfus VIF"):  
Dreyfus VIF Developing Leaders Portfolio - Initial shares  
Dreyfus VIF Quality Bond Portfolio - Initial shares

Fidelity(R) Variable Insurance Products ("Fidelity VIP"):  
Fidelity(R) VIP Asset Manager(SM) Portfolio - Service Class 2  
Fidelity(R) VIP Contrafund(R) Portfolio - Service Class 2  
Fidelity(R) VIP Equity-Income Portfolio - Service Class 2  
Fidelity(R) VIP Growth Portfolio - Service Class 2  
Fidelity(R) VIP Mid Cap Portfolio - Service Class 2

Franklin Templeton Variable Insurance Products Trust  
("Franklin Templeton"):  
Franklin Templeton - Franklin Small Cap Fund - Class 2  
Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2  
Franklin Templeton - Franklin U.S. Government Fund - Class 2  
Franklin Templeton - Mutual Shares Securities Fund - Class 2  
Franklin Templeton - Templeton Foreign Securities Fund - Class 2

Goldman Sachs Variable Insurance Trust:  
Goldman Sachs Capital Growth Fund (1)

Janus Aspen Series:  
Janus Aspen Series International Growth Portfolio - Service Shares  
Janus Aspen Series Mid Cap Growth Portfolio - Service Shares  
Janus Aspen Series Worldwide Growth Portfolio - Service Shares

J.P. Morgan Series Trust II:  
JPMorgan Mid Cap Value Portfolio  
JPMorgan Small Company Portfolio

MFS(R) Variable Insurance Trust(SM) ("MFS(R)VIT"):  
MFS(R) VIT Capital Opportunities Series - Initial Class  
MFS(R) VIT Emerging Growth Series - Initial Class  
MFS(R) VIT New Discovery Series - Initial Class  
MFS(R) VIT Research Series - Initial Class  
MFS(R) VIT Total Return Series - Initial Class

Neuberger Berman Advisers Management Trust ("Neuberger  
Berman AMT"):  
Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I  
Neuberger Berman AMT Partners Portfolio - Class I

Oppenheimer Variable Account Funds:  
Oppenheimer Balanced Fund/VA - Non-Service Shares (2)  
Oppenheimer Global Securities Fund/VA - Non-Service Shares  
Oppenheimer High Income Fund/VA - Non-Service Shares

PIMCO Variable Insurance Trust ("PIMCO VIT"):  
PIMCO VIT Real Return Portfolio - Administrative Class  
PIMCO VIT Short-Term Portfolio - Administrative Class  
PIMCO VIT Total Return Portfolio - Administrative Class

Pioneer Variable Contracts Trust:  
Pioneer Fund VCT Portfolio - Class I (3)  
Pioneer Growth Opportunities VCT Portfolio - Class I (3)

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note A - Organization - Continued

Putnam Variable Trust ("Putnam VT"):  
Putnam VT Diversified Income Fund - Class IB  
Putnam VT Growth and Income Fund - Class IB  
Putnam VT International Growth and Income Fund - Class IB  
Putnam VT Small Cap Value Fund - Class IB  
Putnam VT Vista Fund - Class IB  
Putnam VT Voyager Fund - Class IB

Safeco Resource Series Trust ("Safeco RST"):  
Safeco RST Core Equity Portfolio (3)  
Safeco RST Growth Opportunities Portfolio (3)

Scudder Investments VIT Funds:  
Scudder International Portfolio (4)  
Scudder VIT EAFE(R) Equity Index Fund - Class A  
Scudder VIT Equity 500 Index Fund - Class A

SunAmerica Series Trust ("SunAmerica"):  
SunAmerica - Aggressive Growth Portfolio - Class 1  
SunAmerica - SunAmerica Balanced Portfolio - Class 1

The Universal Institutional Funds, Inc. ("UIF"):  
UIF Equity Growth Portfolio - Class I  
UIF High Yield Portfolio - Class I

VALIC Company I:  
VALIC Company I - International Equities Fund  
VALIC Company I - Mid Cap Index Fund

VALIC Company I - Money Market I Fund  
VALIC Company I - Nasdaq-100(R) Index Fund  
VALIC Company I - Science & Technology Fund  
VALIC Company I - Small Cap Index Fund  
VALIC Company I - Stock Index Fund

Van Kampen Life Investment Trust ("Van Kampen LIT"):  
Van Kampen LIT Emerging Growth Portfolio - Class I  
Van Kampen LIT Government Portfolio - Class I  
Van Kampen LIT Growth and Income Portfolio - Class I

Vanguard(R) Variable Insurance Fund ("Vanguard VIF"):  
Vanguard(R) VIF High Yield Bond Portfolio  
Vanguard(R) VIF REIT Index Portfolio

- (1) Effective December 19, 2003, Ayco Growth Fund (which was not available for new investments as of May 1, 2003) was reorganized into Goldman Sachs Capital Growth Fund. Goldman Sachs Capital Growth Fund is not available for new investments.
- (2) Effective May 1, 2004, Oppenheimer Multiple Strategies Fund/VA changed its name to Oppenheimer Balanced Fund/VA.
- (3) Effective December 10, 2004, Safeco RST Core Equity Portfolio and Safeco RST Growth Opportunities Portfolio were reorganized into Pioneer Fund VCT Portfolio - Class I and Pioneer Growth Opportunities VCT Portfolio - Class I, respectively. Policy owners invested in either of the Pioneer portfolios on December 10, 2004 are the only ones who may continue to use these portfolios.
- (4) Scudder International Portfolio is no longer an investment option.

AIG SunAmerica Asset Management Corp., an affiliate of the Company, serves as the investment advisor to SunAmerica Series Trust.

The Variable Annuity Life Insurance Company, an affiliate of the Company, serves as the investment advisor to VALIC Company I.

In addition to the Divisions above, policy owners may allocate funds to a fixed account that is part of the Company's general account. Policy owners should refer to the prospectus and prospectus supplements for a complete description of the available Funds and the fixed account.

The assets of the Separate Account are segregated from the Company's other assets. The operations of the Separate Account are part of the Company.

Net premiums from the policies are allocated to the Divisions and invested in the Funds in accordance with policy owner instructions. The premiums are recorded as principal transactions in the Statement of Changes in Net Assets.

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

#### Note B - Summary of Significant Accounting Policies and Basis of Presentation

The accompanying financial statements of the Separate Account have been prepared on the basis of accounting principles generally accepted in the United States of America ("GAAP"). The accounting principles followed by the Separate Account and the methods of applying those principles are presented below.

**Use of estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

**Security valuation** - The investments in shares of the Funds are stated at the net asset value of the respective portfolio as determined by the fund, which value their securities at fair value.

**Security transactions and related investment income** - Security transactions which represent purchases and sales of investments are accounted for on the trade date at fair value. Realized gains and losses from security transactions are determined on the basis of first-in first-out. Dividend income and distributions of capital gains are recorded on the ex-dividend date and reinvested upon receipt.

**Policy loans** - When a policy loan is made, the loan amount is transferred to the Company from the policy owner's selected investment Division(s), and held as collateral. Interest on this collateral amount is credited to the policy. Loan repayments are invested in the policy owner's selected investment Division(s), after they are first used to repay all loans taken from the declared fixed interest account option.

Federal income taxes - The Company is taxed as a life insurance company under the Internal Revenue Code and includes the operations of the Separate Account in determining its federal income tax liability. As a result, the Separate Account is not taxed as a "Regulated Investment Company" under subchapter M of the Internal Revenue Code. Under existing federal income tax law, the investment income and capital gains from sales of investments realized by the Separate Account are not taxable. Therefore, no federal income tax provision has been made.

Accumulation unit - This is a measuring unit used to calculate the policy owner's interest. Such units are valued daily to reflect investment performance and the prorated daily deduction for mortality and expense risk charges.

Note C - Policy Charges

Deductions from premium payments - Certain jurisdictions require that a deduction be made from each premium payment for premium taxes. The amount of such deduction currently ranges from 0% to 3.5%. For Corporate America policies, the Company deducts from each premium payment a charge to cover costs associated with the issuance of the policy, administrative services the Company performs and a premium tax that is applicable to the Company in the state or other jurisdiction of the policy owner. The amount the Company deducts in policy year 1 through 7 is 9% up to the "target premium" and 5% on any premium amounts in excess of the target premium. The amount the Company deducts in year 8 and thereafter is 5% of all premium payments. The target premium is an amount of premium that is approximately equal to the seven-pay premium, which is the maximum amount of premium that may be paid without the policy becoming a modified endowment contract.

For other policies offered through the Separate Account (except for Corporate America, AG Legacy Plus, and Legacy Plus), the following premium expense charge may be deducted from each after-tax premium payment, prior to allocation to the Separate Account.

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note C - Policy Charges - Continued

| Policies                       | Current Premium Expense |
|--------------------------------|-------------------------|
| Platinum Investor I and II     | 2.50%                   |
| Platinum Investor III          | 5.00%                   |
| Platinum Investor FlexDirector | 5.00%                   |
| Platinum Investor PLUS         | 5.00%                   |
| Platinum Investor Survivor     | 6.50%                   |
| Platinum Investor Survivor II  | 5.00%                   |

Separate Account charges - Currently, charges are assessed through the daily unit value calculation at the following annual rates from the daily net asset value of the Divisions and are paid to the Company. These charges are made in return for the Company's assumption of mortality and expense risks associated with the policies issued. A summary of these charges by policy follows:

<TABLE>  
<CAPTION>

| Policies                                     | Expense Risk Current Annual Rate | First Reduction in Mortality and Expense Risk Rate | After Policy Year | Second Reduction in Mortality and Expense Risk Rate | After Policy Year |
|--|----------------------------------|--|-------------------|---|-------------------|
| <S>  | <C>                              | <C>  | <C>               | <C>   | <C>               |
| AG Legacy Plus                               | 0.75%                            | 0.10%  | 10                | 0.25%   | 20                |
| Corporate America                            | 0.35%                            | 0.10%  | 10                | 0.10%   | 20                |
| Corporate America (reduced surrender charge) | 0.65%                            | 0.25%  | 10                | 0.25%   | 20                |
| Legacy Plus                                  | 0.75%                            | 0.25%  | 10                | 0.25%   | 20                |
| Platinum Investor I and II                   | 0.75%                            | 0.25%  | 10                | 0.25%   | 20                |

|                                |       |       |    |       |    |
|--------------------------------|-------|-------|----|-------|----|
| Platinum Investor III          | 0.70% | 0.25% | 10 | 0.35% | 20 |
| Platinum Investor FlexDirector | 0.70% | 0.25% | 10 | 0.35% | 20 |
| Platinum Investor PLUS         | 0.70% | 0.25% | 10 | 0.35% | 20 |
| Platinum Investor Survivor     | 0.40% | 0.20% | 10 | 0.10% | 30 |
| Platinum Investor Survivor II  | 0.75% | 0.25% | 15 | 0.35% | 30 |

</TABLE>

Other charges paid to the Company by redemption of units outstanding include the deductions for the maintenance charges, cost of insurance, additional benefit riders, transfer fees and surrender charges.

Monthly maintenance charges are paid to the Company for the cost of administrative services we provide under current policies.

Since determination of both the insurance rate and the Company's net amount at risk depends upon several factors, the cost of insurance deduction may vary from month to month. Policy accumulation value, specified amount of insurance and certain characteristics of the insured person are among the variables included in the calculation for the monthly cost of insurance deduction.

Monthly charges are deducted, if the policy owner selects additional benefit riders for certain policies. The charges for any rider selected will vary by policy within a range based on either the personal characteristics of the insured person or the specific coverage chosen under the rider.

The Company reserves the right to charge a \$25 transfer fee for each transfer in excess of 12 during the policy year. Transfer requests are subject to the Company's published rules concerning market timing. A policy owner who violates these rules will for a period of time (typically six months), have certain restrictions placed on transfers.

A surrender charge may be applicable to certain withdrawal amounts and is payable to the Company. The amount of the surrender charge depends on the age and other insurance characteristics of the insured person. For partial surrender, the Company may charge a maximum transaction fee per policy equal to the lesser of 2% of the amount withdrawn or \$25. Currently, a \$10 transaction fee per policy is charged for each partial surrender.

A loan may be requested against the policy while the policy has a net cash surrender value. The daily interest charge on the loan is paid to the Company for the expenses of administering and providing policy loans. The interest charge is collected through any loan repayment from the policyholder.

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note D - Security Purchases and Sales

For the year ended December 31, 2004, the aggregate cost of purchases and proceeds from the sales of investments were:

<TABLE>

<CAPTION>

| Divisions   | Cost of Purchases | Proceeds from Sales |
|---|-------------------|---------------------|
| <S>   | <C>               | <C>                 |
| AIM V.I. International Growth Fund - Series I                           | \$2,634,667       | \$ 813,389          |
| AIM V.I. Premier Equity Fund - Series I                                 | 2,035,612         | 1,508,801           |
| Alger American Leveraged AllCap Portfolio - Class O Shares              | 298,449           | 26,942              |
| Alger American MidCap Growth Portfolio - Class O Shares                 | 691,971           | 108,094             |
| American Century VP Value Fund - Class I                                | 4,455,830         | 1,107,575           |
| Credit Suisse Small Cap Growth Portfolio                                | 706,678           | 246,708             |
| Dreyfus IP MidCap Stock Portfolio - Initial shares                      | 1,111,169         | 489,261             |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares               | 1,840,998         | 1,250,277           |
| Dreyfus VIF Quality Bond Portfolio - Initial shares                     | 1,623,010         | 1,228,899           |
| Fidelity VIP Asset Manager Portfolio - Service Class 2                  | 1,625,144         | 641,906             |
| Fidelity VIP Contrafund Portfolio - Service Class 2                     | 5,830,439         | 521,071             |
| Fidelity VIP Equity-Income Portfolio - Service Class 2                  | 5,219,416         | 696,594             |
| Fidelity VIP Growth Portfolio - Service Class 2                         | 3,208,948         | 865,955             |
| Fidelity VIP Mid Cap Portfolio - Service Class 2                        | 696,689           | 76,413              |
| Franklin Templeton - Franklin Small Cap Fund - Class 2                  | 19,536            | 13,555              |
| Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2 | 883,850           | 133,962             |
| Franklin Templeton - Franklin U.S. Government Fund - Class 2            | 1,065,403         | 1,153,664           |
| Franklin Templeton - Mutual Shares Securities Fund - Class 2            | 1,414,833         | 467,467             |

|  |           |           |
|--|-----------|-----------|
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2   | 3,722,235 | 540,662   |
| Goldman Sachs Capital Growth Fund                                  | 61,644    | 540,976   |
| Janus Aspen Series International Growth Portfolio - Service Shares | 1,182,099 | 511,277   |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares       | 801,586   | 669,511   |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares     | 1,141,735 | 672,979   |
| JPMorgan Mid Cap Value Portfolio                                   | 353,074   | 31,002    |
| JPMorgan Small Company Portfolio                                   | 769,964   | 113,927   |
| MFS VIT Capital Opportunities Series - Initial Class               | 881,644   | 401,891   |
| MFS VIT Emerging Growth Series - Initial Class                     | 3,401,976 | 1,286,127 |
| MFS VIT New Discovery Series - Initial Class                       | 1,105,456 | 981,207   |
| MFS VIT Research Series - Initial Class                            | 382,111   | 104,691   |
| MFS VIT Total Return Series - Initial Class                        | 150,567   | 68,320    |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I            | 911,226   | 339,828   |
| Neuberger Berman AMT Partners Portfolio - Class I                  | 9,056     | 9,699     |
| Oppenheimer Balanced Fund/VA - Non-Service Shares                  | 517,818   | 25,746    |
| Oppenheimer Global Securities Fund/VA - Non-Service Shares         | 823,115   | 62,606    |
| Oppenheimer High Income Fund/VA - Non-Service Shares               | 30,914    | 4,639     |
| PIMCO VIT Real Return Portfolio - Administrative Class             | 5,330,556 | 1,290,105 |
| PIMCO VIT Short-Term Portfolio - Administrative Class              | 2,288,700 | 776,693   |
| PIMCO VIT Total Return Portfolio - Administrative Class            | 3,287,456 | 2,302,628 |
| Pioneer Fund VCT Portfolio - Class I                               | 3,311,359 | 39,616    |
| Pioneer Growth Opportunities VCT Portfolio - Class I               | 5,571,057 | 95,506    |
| Putnam VT Diversified Income Fund - Class IB                       | 2,363,801 | 708,895   |
| Putnam VT Growth and Income Fund - Class IB                        | 3,450,439 | 1,354,071 |
| Putnam VT International Growth and Income Fund - Class IB          | 650,245   | 1,117,844 |
| Putnam VT Small Cap Value Fund - Class IB                          | 19,928    | 31,783    |
| Putnam VT Vista Fund - Class IB                                    | 4,839     | 6,963     |
| Putnam VT Voyager Fund - Class IB                                  | 90,138    | 40,837    |
| Safeco RST Core Equity Portfolio                                   | 314,509   | 3,600,917 |
| Safeco RST Growth Opportunities Portfolio                          | 430,020   | 6,369,626 |
| Scudder VIT Equity 500 Index Fund - Class A                        | 3,501     | 1,760     |
| SunAmerica - Aggressive Growth Portfolio - Class 1                 | 237,636   | 33,073    |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note D - Security Purchases and Sales - Continued

For the year ended December 31, 2004, the aggregate cost of purchases and proceeds from the sales of investments were:

<TABLE>  
<CAPTION>

| Divisions  | Cost of Purchases | Proceeds from Sales |
|--|-------------------|---------------------|
| <S>  | <C>               | <C>                 |
| SunAmerica - SunAmerica Balanced Portfolio - Class 1 | \$ 380,119        | \$ 40,223           |
| UIF Equity Growth Portfolio - Class I                | 524,983           | 827,809             |
| UIF High Yield Portfolio - Class I                   | 442,261           | 567,777             |
| VALIC Company I - International Equities Fund        | 556,905           | 761,026             |
| VALIC Company I - Mid Cap Index Fund                 | 2,871,211         | 2,562,294           |
| VALIC Company I - Money Market I Fund                | 28,173,647        | 30,304,391          |
| VALIC Company I - Nasdaq-100 Index Fund              | 860,844           | 444,573             |
| VALIC Company I - Science & Technology Fund          | 446,915           | 159,766             |
| VALIC Company I - Small Cap Index Fund               | 1,488,481         | 861,311             |
| VALIC Company I - Stock Index Fund                   | 9,103,972         | 16,487,890          |
| Van Kampen LIT Emerging Growth Portfolio - Class I   | 6,283             | 12,386              |
| Van Kampen LIT Government Portfolio - Class I        | 43,123            | 27,021              |
| Van Kampen LIT Growth and Income Portfolio - Class I | 1,792,353         | 597,128             |
| Vanguard VIF High Yield Bond Portfolio               | 5,442,603         | 2,693,793           |
| Vanguard VIF REIT Index Portfolio                    | 3,702,224         | 1,101,275           |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note E - Investments

The following is a summary of fund shares owned as of December 31, 2004.

<TABLE>  
<CAPTION>

Net Asset Value of Shares Cost of Shares

| Divisions   | Shares    | Value   | at Fair Value | Held         |
|---|-----------|---------|---------------|--------------|
| <S>   | <C>       | <C>     | <C>           | <C>          |
| AIM V.I. International Growth Fund - Series I                           | 382,557   | \$19.77 | \$ 7,563,147  | \$ 6,020,580 |
| AIM V.I. Premier Equity Fund - Series I                                 | 617,477   | 21.30   | 13,152,254    | 13,501,940   |
| Alger American Leveraged AllCap Portfolio - Class O Shares              | 17,944    | 30.39   | 545,330       | 503,216      |
| Alger American MidCap Growth Portfolio - Class O Shares                 | 47,751    | 20.80   | 993,231       | 870,180      |
| American Century VP Value Fund - Class I                                | 1,654,245 | 8.75    | 14,474,643    | 11,589,658   |
| Credit Suisse Small Cap Growth Portfolio                                | 123,778   | 15.30   | 1,893,798     | 1,578,705    |
| Dreyfus IP MidCap Stock Portfolio - Initial shares                      | 218,318   | 17.62   | 3,846,771     | 3,104,155    |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares               | 286,886   | 41.55   | 11,920,104    | 9,889,476    |
| Dreyfus VIF Quality Bond Portfolio - Initial shares                     | 706,846   | 11.41   | 8,065,115     | 8,120,836    |
| Fidelity VIP Asset Manager Portfolio - Service Class 2                  | 330,635   | 14.64   | 4,840,496     | 4,432,425    |
| Fidelity VIP Contrafund Portfolio - Service Class 2                     | 630,762   | 26.35   | 16,620,579    | 13,220,459   |
| Fidelity VIP Equity-Income Portfolio - Service Class 2                  | 690,561   | 25.09   | 17,326,174    | 14,460,889   |
| Fidelity VIP Growth Portfolio - Service Class 2                         | 363,166   | 31.64   | 11,490,581    | 10,365,912   |
| Fidelity VIP Mid Cap Portfolio - Service Class 2                        | 37,443    | 29.88   | 1,118,796     | 932,381      |
| Franklin Templeton - Franklin Small Cap Fund - Class 2                  | 8,100     | 19.43   | 157,374       | 134,468      |
| Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2 | 75,094    | 15.65   | 1,175,221     | 988,696      |
| Franklin Templeton - Franklin U.S. Government Fund - Class 2            | 893,681   | 12.84   | 11,474,861    | 11,704,592   |
| Franklin Templeton - Mutual Shares Securities Fund - Class 2            | 464,219   | 16.64   | 7,724,611     | 5,866,910    |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2        | 785,115   | 14.35   | 11,266,401    | 8,327,486    |
| Goldman Sachs Capital Growth Fund                                       | 836,872   | 10.39   | 8,695,097     | 7,855,320    |
| Janus Aspen Series International Growth Portfolio - Service Shares      | 121,786   | 26.94   | 3,280,905     | 2,577,675    |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares            | 104,254   | 25.36   | 2,643,890     | 1,958,672    |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares          | 150,979   | 26.62   | 4,019,074     | 3,541,737    |
| JPMorgan Mid Cap Value Portfolio  | 19,662    | 25.92   | 509,644       | 438,487      |
| JPMorgan Small Company Portfolio  | 99,840    | 17.88   | 1,785,141     | 1,370,351    |
| MFS VIT Capital Opportunities Series - Initial Class                    | 310,815   | 13.57   | 4,217,754     | 3,595,382    |
| MFS VIT Emerging Growth Series - Initial Class                          | 837,235   | 17.52   | 14,668,356    | 13,624,093   |
| MFS VIT New Discovery Series - Initial Class                            | 232,199   | 14.87   | 3,452,798     | 2,944,070    |
| MFS VIT Research Series - Initial Class                                 | 116,458   | 15.30   | 1,781,804     | 1,478,105    |
| MFS VIT Total Return Series - Initial Class                             | 42,601    | 21.43   | 912,933       | 782,409      |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I                 | 157,487   | 17.83   | 2,808,001     | 2,303,479    |
| Neuberger Berman AMT Partners Portfolio - Class I                       | 7,513     | 18.32   | 137,641       | 109,927      |
| Oppenheimer Balanced Fund/VA - Non-Service Shares                       | 38,043    | 17.35   | 660,047       | 603,700      |
| Oppenheimer Global Securities Fund/VA - Non-Service Shares              | 36,789    | 29.51   | 1,085,642     | 926,716      |
| Oppenheimer High Income Fund/VA - Non-Service Shares                    | 11,382    | 8.80    | 100,163       | 90,771       |
| PIMCO VIT Real Return Portfolio - Administrative Class                  | 1,009,418 | 12.92   | 13,041,675    | 12,365,825   |
| PIMCO VIT Short-Term Portfolio - Administrative Class                   | 594,980   | 10.08   | 5,997,396     | 6,003,174    |
| PIMCO VIT Total Return Portfolio - Administrative Class                 | 1,128,551 | 10.51   | 11,861,073    | 11,631,199   |
| Pioneer Fund VCT Portfolio - Class I                                    | 162,632   | 20.57   | 3,345,341     | 3,272,244    |
| Pioneer Growth Opportunities VCT Portfolio - Class I                    | 236,867   | 23.78   | 5,632,694     | 5,476,527    |
| Putnam VT Diversified Income Fund - Class IB                            | 821,519   | 9.17    | 7,533,333     | 7,138,085    |
| Putnam VT Growth and Income Fund - Class IB                             | 710,834   | 25.44   | 18,083,616    | 15,640,091   |
| Putnam VT International Growth and Income Fund - Class IB               | 406,026   | 13.51   | 5,485,413     | 3,890,006    |
| Putnam VT Small Cap Value Fund - Class IB                               | 21,810    | 22.79   | 497,050       | 316,861      |
| Putnam VT Vista Fund - Class IB   | 6,775     | 12.43   | 84,210        | 69,025       |
| Putnam VT Voyager Fund - Class IB                                       | 12,146    | 27.20   | 330,361       | 302,749      |
| Scudder VIT Equity 500 Index Fund - Class A                             | 1,481     | 12.73   | 18,849        | 17,598       |
| SunAmerica - Aggressive Growth Portfolio - Class 1                      | 50,559    | 10.19   | 515,184       | 425,156      |
| SunAmerica - SunAmerica Balanced Portfolio - Class 1                    | 52,455    | 14.00   | 734,164       | 678,535      |

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note E - Investments

The following is a summary of fund shares owned as of December 31, 2004.

| Divisions  | Shares     | Net Asset Value | Value of Shares at Fair Value | Cost of Shares Held |
|--|------------|-----------------|-------------------------------|---------------------|
| <S>  | <C>        | <C>             | <C>                           | <C>                 |
| UIF Equity Growth Portfolio - Class I                | 270,195    | \$13.75         | \$ 3,715,185                  | \$ 3,593,545        |
| UIF High Yield Portfolio - Class I                   | 238,695    | 7.28            | 1,737,699                     | 1,585,683           |
| VALIC Company I - International Equities Fund        | 244,597    | 7.86            | 1,922,532                     | 1,525,868           |
| VALIC Company I - Mid Cap Index Fund                 | 725,933    | 21.30           | 15,462,377                    | 12,445,450          |
| VALIC Company I - Money Market I Fund                | 34,546,134 | 1.00            | 34,546,134                    | 34,546,134          |
| VALIC Company I - Nasdaq-100 Index Fund              | 811,732    | 4.51            | 3,660,913                     | 2,791,295           |
| VALIC Company I - Science & Technology Fund          | 108,412    | 11.42           | 1,238,061                     | 1,088,071           |
| VALIC Company I - Small Cap Index Fund               | 307,978    | 16.04           | 4,939,968                     | 3,804,437           |
| VALIC Company I - Stock Index Fund                   | 1,186,435  | 32.77           | 38,879,463                    | 34,175,164          |
| Van Kampen LIT Emerging Growth Portfolio - Class I   | 2,189      | 26.02           | 56,966                        | 48,229              |
| Van Kampen LIT Government Portfolio - Class I        | 18,787     | 9.48            | 178,102                       | 179,552             |
| Van Kampen LIT Growth and Income Portfolio - Class I | 292,761    | 19.32           | 5,656,142                     | 4,525,281           |
| Vanguard VIF High Yield Bond Portfolio               | 799,045    | 9.02            | 7,207,387                     | 6,804,057           |

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

## Note F - Summary of Changes in Units

Summary of Changes in Units for the year ended December 31, 2004.

| Divisions  | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|--|------------------------------|--------------------------------|----------------------------|
| <S>  | <C>                          | <C>                            | <C>                        |
| AIM V.I. International Growth Fund - Series I              |                              |                                |                            |
| AG Legacy Plus   | 8,359                        | (1,179)                        | 7,180                      |
| Corporate America  | 600                          | (229)                          | 371                        |
| Corporate America (reduced surrender charge)               | 680                          | (1)                            | 679                        |
| Platinum Investor I & II                                   | 49,192                       | (55,963)                       | (6,771)                    |
| Platinum Investor III                                      | 211,190                      | (29,025)                       | 182,165                    |
| Platinum Investor PLUS                                     | 7,344                        | (1,271)                        | 6,073                      |
| Platinum Investor Survivor                                 | 27,183                       | (5,899)                        | 21,284                     |
| Platinum Investor Survivor II                              | 15,918                       | (218)                          | 15,700                     |
| AIM V.I. Premier Equity Fund - Series I                    |                              |                                |                            |
| Corporate America  | 78                           | (236)                          | (158)                      |
| Platinum Investor I & II                                   | 146,834                      | (152,515)                      | (5,681)                    |
| Platinum Investor III                                      | 160,395                      | (94,147)                       | 66,248                     |
| Platinum Investor FlexDirector                             | 205                          | (1)                            | 204                        |
| Platinum Investor PLUS                                     | 10,275                       | (2,475)                        | 7,800                      |
| Platinum Investor Survivor                                 | 24,355                       | (17,775)                       | 6,580                      |
| Platinum Investor Survivor II                              | 4,256                        | (1,177)                        | 3,079                      |
| Alger American Leveraged AllCap Portfolio - Class O Shares |                              |                                |                            |
| Platinum Investor I & II                                   | 141                          | (43)                           | 98                         |
| Platinum Investor III                                      | 19,000                       | (4,298)                        | 14,702                     |
| Platinum Investor PLUS                                     | 8,707                        | (879)                          | 7,828                      |
| Platinum Investor Survivor                                 | 163                          | (151)                          | 12                         |
| Platinum Investor Survivor II                              | 37                           | (12)                           | 25                         |
| Alger American MidCap Growth Portfolio - Class O Shares    |                              |                                |                            |
| Platinum Investor I & II                                   | 9,145                        | (266)                          | 8,879                      |
| Platinum Investor III                                      | 31,988                       | (6,373)                        | 25,615                     |
| Platinum Investor FlexDirector                             | 5,715                        | (28)                           | 5,687                      |
| Platinum Investor PLUS                                     | 6,929                        | (1,158)                        | 5,771                      |
| Platinum Investor Survivor                                 | --                           | (1,929)                        | (1,929)                    |
| Platinum Investor Survivor II                              | 726                          | (139)                          | 587                        |
| American Century VP Value Fund - Class I                   |                              |                                |                            |
| AG Legacy Plus   | 5,289                        | (1,997)                        | 3,292                      |
| Corporate America  | --                           | (1,685)                        | (1,685)                    |
| Platinum Investor I & II                                   | 49,139                       | (27,229)                       | 21,910                     |
| Platinum Investor III                                      | 221,222                      | (63,883)                       | 157,339                    |
| Platinum Investor FlexDirector                             | 34                           | (3)                            | 31                         |
| Platinum Investor PLUS                                     | 26,107                       | (6,885)                        | 19,222                     |
| Platinum Investor Survivor                                 | 12,134                       | (5,109)                        | 7,025                      |
| Platinum Investor Survivor II                              | 40,828                       | (7,494)                        | 33,334                     |
| Credit Suisse Small Cap Growth Portfolio                   |                              |                                |                            |
| Platinum Investor I & II                                   | 27,987                       | (4,094)                        | 23,893                     |
| Platinum Investor III                                      | 45,006                       | (19,750)                       | 25,256                     |
| Platinum Investor FlexDirector                             | 4,748                        | (25)                           | 4,723                      |
| Platinum Investor PLUS                                     | 6,102                        | (1,515)                        | 4,587                      |
| Platinum Investor Survivor                                 | 402                          | (2,133)                        | (1,731)                    |
| Platinum Investor Survivor II                              | 697                          | (171)                          | 526                        |
| Dreyfus IP MidCap Stock Portfolio - Initial shares         |                              |                                |                            |
| Platinum Investor I & II                                   | 8,668                        | (8,177)                        | 491                        |
| Platinum Investor III                                      | 75,184                       | (32,259)                       | 42,925                     |
| Platinum Investor FlexDirector                             | 3                            | (2)                            | 1                          |
| Platinum Investor PLUS                                     | 8,283                        | (2,677)                        | 5,606                      |
| Platinum Investor Survivor                                 | 3,020                        | (3,958)                        | (938)                      |
| Platinum Investor Survivor II                              | 2,006                        | (717)                          | 1,289                      |

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

## Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the year ended December 31, 2004.

<TABLE>  
<CAPTION>

| Divisions   | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|---|------------------------------|--------------------------------|----------------------------|
| <S>   | <C>                          | <C>                            | <C>                        |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares |                              |                                |                            |
| Corporate America   | 468                          | (1,604)                        | (1,136)                    |
| Platinum Investor I & II                                  | 54,050                       | (83,708)                       | (29,658)                   |
| Platinum Investor III                                     | 146,301                      | (78,420)                       | 67,881                     |
| Platinum Investor PLUS                                    | 17,107                       | (4,983)                        | 12,124                     |
| Platinum Investor Survivor                                | 12,265                       | (7,038)                        | 5,227                      |
| Platinum Investor Survivor II                             | 20,505                       | (5,012)                        | 15,493                     |
| Dreyfus VIF Quality Bond Portfolio - Initial shares       |                              |                                |                            |
| Corporate America   | 24                           | (203)                          | (179)                      |
| Platinum Investor I & II                                  | 21,635                       | (62,172)                       | (40,537)                   |
| Platinum Investor III                                     | 91,238                       | (48,132)                       | 43,106                     |
| Platinum Investor PLUS                                    | 10,901                       | (5,630)                        | 5,271                      |
| Platinum Investor Survivor                                | 6,629                        | (3,817)                        | 2,812                      |
| Platinum Investor Survivor II                             | 3,327                        | (1,063)                        | 2,264                      |
| Fidelity VIP Asset Manager Portfolio - Service Class 2    |                              |                                |                            |
| AG Legacy Plus  | 7,329                        | (595)                          | 6,734                      |
| Platinum Investor I & II                                  | 47,912                       | (38,617)                       | 9,295                      |
| Platinum Investor III                                     | 95,379                       | (33,406)                       | 61,973                     |
| Platinum Investor PLUS                                    | 13,302                       | (3,053)                        | 10,249                     |
| Platinum Investor Survivor                                | 1,454                        | (934)                          | 520                        |
| Platinum Investor Survivor II                             | 4,038                        | (1,253)                        | 2,785                      |
| Fidelity VIP Contrafund Portfolio - Service Class 2       |                              |                                |                            |
| AG Legacy Plus  | 6,210                        | (1,554)                        | 4,656                      |
| Corporate America   | 453                          | (1,743)                        | (1,290)                    |
| Platinum Investor I & II                                  | 128,641                      | (24,241)                       | 104,400                    |
| Platinum Investor III                                     | 439,390                      | (111,853)                      | 327,537                    |
| Platinum Investor FlexDirector                            | 327                          | (6)                            | 321                        |
| Platinum Investor PLUS                                    | 54,739                       | (11,102)                       | 43,637                     |
| Platinum Investor Survivor                                | 45,650                       | (6,646)                        | 39,004                     |
| Platinum Investor Survivor II                             | 24,415                       | (1,801)                        | 22,614                     |
| Fidelity VIP Equity-Income Portfolio - Service Class 2    |                              |                                |                            |
| AG Legacy Plus  | 14,306                       | (3,762)                        | 10,544                     |
| Corporate America   | 1,851                        | (1,696)                        | 155                        |
| Corporate America (reduced surrender charge)              | 716                          | (2)                            | 714                        |
| Platinum Investor I & II                                  | 92,724                       | (23,135)                       | 69,589                     |
| Platinum Investor III                                     | 366,492                      | (107,400)                      | 259,092                    |
| Platinum Investor FlexDirector                            | 631                          | (11)                           | 620                        |
| Platinum Investor PLUS                                    | 33,742                       | (8,632)                        | 25,110                     |
| Platinum Investor Survivor                                | 51,525                       | (9,991)                        | 41,534                     |
| Platinum Investor Survivor II                             | 21,676                       | (4,040)                        | 17,636                     |
| Fidelity VIP Growth Portfolio - Service Class 2           |                              |                                |                            |
| AG Legacy Plus  | 4,814                        | (1,430)                        | 3,384                      |
| Corporate America   | --                           | (112)                          | (112)                      |
| Corporate America (reduced surrender charge)              | 254                          | (1)                            | 253                        |
| Platinum Investor I & II                                  | 73,632                       | (29,373)                       | 44,259                     |
| Platinum Investor III                                     | 397,150                      | (163,927)                      | 233,223                    |
| Platinum Investor FlexDirector                            | 7,441                        | (37)                           | 7,404                      |
| Platinum Investor PLUS                                    | 59,607                       | (12,115)                       | 47,492                     |
| Platinum Investor Survivor                                | 9,347                        | (17,977)                       | (8,630)                    |
| Platinum Investor Survivor II                             | 9,417                        | (3,959)                        | 5,458                      |
| Fidelity VIP Mid Cap Portfolio - Service Class 2          |                              |                                |                            |
| Platinum Investor I & II                                  | 3,529                        | (715)                          | 2,814                      |
| Platinum Investor III                                     | 35,382                       | (4,501)                        | 30,881                     |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the year ended December 31, 2004.

<TABLE>  
<CAPTION>

| Divisions  | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|--|------------------------------|--------------------------------|----------------------------|
| <S>  | <C>                          | <C>                            | <C>                        |
| Fidelity VIP Mid Cap Portfolio - Service Class 2 - Continued |                              |                                |                            |
| Platinum Investor FlexDirector                               | 290                          | (2)                            | 288                        |
| Platinum Investor PLUS                                       | 6,300                        | (1,038)                        | 5,262                      |

|   |         |          |          |
|---|---------|----------|----------|
| Platinum Investor Survivor  | 1,844   | (28)     | 1,816    |
| Platinum Investor Survivor II   | 399     | (56)     | 343      |
| Franklin Templeton - Franklin Small Cap Fund - Class 2                  |         |          |          |
| AG Legacy Plus  | 2,485   | (1,391)  | 1,094    |
| Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2 |         |          |          |
| Corporate America (reduced surrender charge)                            | 464     | (1)      | 463      |
| Platinum Investor I & II  | 12,041  | (359)    | 11,682   |
| Platinum Investor III   | 31,683  | (4,692)  | 26,991   |
| Platinum Investor FlexDirector  | 185     | (10)     | 175      |
| Platinum Investor PLUS  | 11,724  | (1,567)  | 10,157   |
| Platinum Investor Survivor  | 4,580   | (301)    | 4,279    |
| Platinum Investor Survivor II   | 437     | (342)    | 95       |
| Franklin Templeton - Franklin U.S. Government Fund - Class 2            |         |          |          |
| Platinum Investor I & II  | 1,491   | (14,608) | (13,117) |
| Platinum Investor III   | 29,741  | (77,166) | (47,425) |
| Platinum Investor PLUS  | 10,411  | (4,384)  | 6,027    |
| Platinum Investor Survivor  | 338     | (12)     | 326      |
| Platinum Investor Survivor II   | 3,449   | (2,022)  | 1,427    |
| Franklin Templeton - Mutual Shares Securities Fund - Class 2            |         |          |          |
| Platinum Investor I & II  | 38,458  | (8,120)  | 30,338   |
| Platinum Investor III   | 81,677  | (40,862) | 40,815   |
| Platinum Investor FlexDirector  | 317     | (5)      | 312      |
| Platinum Investor PLUS  | 14,479  | (3,887)  | 10,592   |
| Platinum Investor Survivor  | 428     | (1,103)  | (675)    |
| Platinum Investor Survivor II   | 4,287   | (1,398)  | 2,889    |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2        |         |          |          |
| AG Legacy Plus  | 6,490   | (1,168)  | 5,322    |
| Platinum Investor I & II  | 78,175  | (8,968)  | 69,207   |
| Platinum Investor III   | 211,466 | (40,525) | 170,941  |
| Platinum Investor FlexDirector  | 441     | (4)      | 437      |
| Platinum Investor PLUS  | 12,149  | (2,478)  | 9,671    |
| Platinum Investor Survivor  | 16,008  | (2,411)  | 13,597   |
| Platinum Investor Survivor II   | 24,828  | (2,596)  | 22,232   |
| Goldman Sachs Capital Growth Fund                                       |         |          |          |
| Platinum Investor I & II  | --      | (867)    | (867)    |
| Platinum Investor III   | --      | (1,846)  | (1,846)  |
| Platinum Investor PLUS  | --      | (2)      | (2)      |
| Platinum Investor Survivor  | --      | (36,264) | (36,264) |
| Platinum Investor Survivor II   | --      | (17,089) | (17,089) |
| Janus Aspen Series International Growth Portfolio - Service Shares      |         |          |          |
| Corporate America   | --      | (30)     | (30)     |
| Platinum Investor I & II  | 42,750  | (11,601) | 31,149   |
| Platinum Investor III   | 77,373  | (32,460) | 44,913   |
| Platinum Investor FlexDirector  | 12,854  | (70)     | 12,784   |
| Platinum Investor PLUS  | 5,291   | (1,325)  | 3,966    |
| Platinum Investor Survivor  | 10,189  | (13,854) | (3,665)  |
| Platinum Investor Survivor II   | 866     | (782)    | 84       |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares            |         |          |          |
| Corporate America   | --      | (1,858)  | (1,858)  |
| Platinum Investor I & II  | 7,609   | (7,789)  | (180)    |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the year ended December 31, 2004.

<TABLE>

<CAPTION>

| Divisions   | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|---|------------------------------|--------------------------------|----------------------------|
| <S>   | <C>                          | <C>                            | <C>                        |
| Janus Aspen Series Mid Cap Growth Portfolio -<br>Service Shares - Continued |                              |                                |                            |
| Platinum Investor III   | 120,674                      | (95,407)                       | 25,267                     |
| Platinum Investor PLUS  | 3,912                        | (1,441)                        | 2,471                      |
| Platinum Investor Survivor  | 4,546                        | (7,662)                        | (3,116)                    |
| Platinum Investor Survivor II   | 958                          | (166)                          | 792                        |
| Janus Aspen Series Worldwide Growth Portfolio -<br>Service Shares           |                              |                                |                            |
| Corporate America   | 591                          | (1,990)                        | (1,399)                    |
| Platinum Investor I & II  | 7,808                        | (11,429)                       | (3,621)                    |
| Platinum Investor III   | 114,343                      | (61,554)                       | 52,789                     |
| Platinum Investor PLUS  | 6,624                        | (2,480)                        | 4,144                      |
| Platinum Investor Survivor  | 7,099                        | (6,713)                        | 386                        |
| Platinum Investor Survivor II   | 16,801                       | (3,939)                        | 12,862                     |
| JPMorgan Mid Cap Value Portfolio  |                              |                                |                            |

|  |         |           |          |
|--|---------|-----------|----------|
| Platinum Investor I & II                             | 2,011   | (74)      | 1,937    |
| Platinum Investor III                                | 20,807  | (3,070)   | 17,737   |
| Platinum Investor PLUS                               | 4,946   | (552)     | 4,394    |
| Platinum Investor Survivor                           | 245     | (38)      | 207      |
| Platinum Investor Survivor II                        | 200     | (74)      | 126      |
| JPMorgan Small Company Portfolio                     |         |           |          |
| Platinum Investor I & II                             | 18,310  | (2,141)   | 16,169   |
| Platinum Investor III                                | 55,923  | (13,980)  | 41,943   |
| Platinum Investor PLUS                               | 5,376   | (92)      | 4,384    |
| Platinum Investor Survivor                           | 1,248   | (514)     | 734      |
| Platinum Investor Survivor II                        | 2,774   | (97)      | 2,677    |
| MFS VIT Capital Opportunities Series - Initial Class |         |           |          |
| Corporate America                                    | --      | (3,396)   | (3,396)  |
| Platinum Investor I & II                             | 6,040   | (15,921)  | (9,881)  |
| Platinum Investor III                                | 136,038 | (72,326)  | 63,712   |
| Platinum Investor FlexDirector                       | 173     | --        | 173      |
| Platinum Investor PLUS                               | 24,398  | (4,467)   | 19,931   |
| Platinum Investor Survivor                           | 7,259   | (12,843)  | (5,584)  |
| Platinum Investor Survivor II                        | 1,246   | (534)     | 712      |
| MFS VIT Emerging Growth Series - Initial Class       |         |           |          |
| AG Legacy Plus                                       | 845     | (942)     | (97)     |
| Corporate America                                    | --      | (232)     | (232)    |
| Corporate America (reduced surrender charge)         | 922     | (2)       | 920      |
| Platinum Investor I & II                             | 132,247 | (133,405) | (1,158)  |
| Platinum Investor III                                | 441,801 | (127,638) | 314,163  |
| Platinum Investor FlexDirector                       | 207     | (10)      | 197      |
| Platinum Investor PLUS                               | 23,594  | (4,912)   | 18,682   |
| Platinum Investor Survivor                           | 64,099  | (23,781)  | 40,318   |
| Platinum Investor Survivor II                        | 30,736  | (607)     | 30,129   |
| MFS VIT New Discovery Series - Initial Class         |         |           |          |
| AG Legacy Plus                                       | 5,396   | (1,056)   | 4,340    |
| Corporate America                                    | --      | (1,449)   | (1,449)  |
| Platinum Investor I & II                             | 41,557  | (71,031)  | (29,474) |
| Platinum Investor III                                | 96,661  | (39,991)  | 56,670   |
| Platinum Investor FlexDirector                       | 262     | (6)       | 256      |
| Platinum Investor PLUS                               | 11,611  | (2,679)   | 8,932    |
| Platinum Investor Survivor                           | 4,788   | (7,198)   | (2,410)  |
| Platinum Investor Survivor II                        | 1,002   | (12,978)  | (11,976) |
| MFS VIT Research Series - Initial Class              |         |           |          |
| Corporate America                                    | --      | (39)      | (39)     |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the year ended December 31, 2004.

<TABLE>

<CAPTION>

| Divisions   | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|---|------------------------------|--------------------------------|----------------------------|
| <S>   | <C>                          | <C>                            | <C>                        |
| MFS VIT Research Series - Initial Class - Continued     |                              |                                |                            |
| Platinum Investor I & II                                | 9,479                        | (6,756)                        | 2,723                      |
| Platinum Investor III                                   | 60,663                       | (29,059)                       | 31,604                     |
| Platinum Investor FlexDirector                          | 106                          | --                             | 106                        |
| Platinum Investor PLUS                                  | 3,785                        | (963)                          | 2,822                      |
| Platinum Investor Survivor                              | 2,449                        | (2,900)                        | (451)                      |
| Platinum Investor Survivor II                           | 2,114                        | (630)                          | 1,484                      |
| MFS VIT Total Return Series - Initial Class             |                              |                                |                            |
| AG Legacy Plus  | 24,630                       | (11,595)                       | 13,035                     |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I |                              |                                |                            |
| Corporate America                                       | 788                          | --                             | 788                        |
| Corporate America (reduced surrender charge)            | 233                          | --                             | 233                        |
| Platinum Investor I & II                                | 16,311                       | (7,773)                        | 8,538                      |
| Platinum Investor III                                   | 90,413                       | (48,788)                       | 41,625                     |
| Platinum Investor FlexDirector                          | 166                          | --                             | 166                        |
| Platinum Investor PLUS                                  | 23,788                       | (4,275)                        | 19,513                     |
| Platinum Investor Survivor                              | 20,342                       | (6,966)                        | 13,376                     |
| Platinum Investor Survivor II                           | 3,008                        | (1,449)                        | 1,559                      |
| Neuberger Berman AMT Partners Portfolio - Class I       |                              |                                |                            |
| AG Legacy Plus  | 867                          | (870)                          | (3)                        |
| Oppenheimer Balanced Fund/VA - Non-Service              |                              |                                |                            |

|   |         |          |         |
|---|---------|----------|---------|
| Shares  |         |          |         |
| Platinum Investor I & II                                      | 2,533   | (140)    | 2,393   |
| Platinum Investor III   | 27,006  | (2,991)  | 24,015  |
| Platinum Investor PLUS  | 14,666  | (718)    | 13,948  |
| Platinum Investor Survivor                                    | --      | --       | --      |
| Platinum Investor Survivor II                                 | 802     | (129)    | 673     |
| Oppenheimer Global Securities Fund/VA -<br>Non-Service Shares |         |          |         |
| Platinum Investor I & II                                      | 2,120   | (3)      | 2,117   |
| Platinum Investor III   | 49,013  | (5,649)  | 43,364  |
| Platinum Investor FlexDirector                                | 4       | (2)      | 2       |
| Platinum Investor PLUS  | 6,285   | (926)    | 5,359   |
| Platinum Investor Survivor                                    | 1,214   | (110)    | 1,104   |
| Platinum Investor Survivor II                                 | 328     | (266)    | 62      |
| Oppenheimer High Income Fund/VA -<br>Non-Service Shares       |         |          |         |
| AG Legacy Plus  | 2,267   | (440)    | 1,827   |
| PIMCO VIT Real Return Portfolio -<br>Administrative Class     |         |          |         |
| AG Legacy Plus  | 4,782   | (3,606)  | 1,176   |
| Corporate America   | --      | (88)     | (88)    |
| Corporate America (reduced surrender charge)                  | 754     | (1)      | 753     |
| Platinum Investor I & II                                      | 22,076  | (17,998) | 4,078   |
| Platinum Investor III   | 298,192 | (93,486) | 204,706 |
| Platinum Investor FlexDirector                                | 305     | (7)      | 298     |
| Platinum Investor PLUS  | 18,544  | (7,623)  | 10,921  |
| Platinum Investor Survivor                                    | 14,284  | (4,508)  | 9,776   |
| Platinum Investor Survivor II                                 | 27,071  | (3,206)  | 23,865  |
| PIMCO VIT Short-Term Portfolio -<br>Administrative Class      |         |          |         |
| Corporate America   | 9,348   | (3,303)  | 6,045   |
| Platinum Investor I & II                                      | 46,142  | (24,793) | 21,349  |
| Platinum Investor III   | 99,222  | (24,830) | 74,392  |
| Platinum Investor FlexDirector                                | 4,080   | (21)     | 4,059   |
| Platinum Investor PLUS  | 10,935  | (1,838)  | 9,097   |
| Platinum Investor Survivor                                    | 20,906  | (3,262)  | 17,644  |
| Platinum Investor Survivor II                                 | 3,316   | (2,712)  | 604     |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the year ended December 31, 2004.

<TABLE>

<CAPTION>

| Divisions  | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|--|------------------------------|--------------------------------|----------------------------|
| <S>  | <C>                          | <C>                            | <C>                        |
| PIMCO VIT Total Return Portfolio -<br>Administrative Class |                              |                                |                            |
| AG Legacy Plus   | 5,160                        | (2,003)                        | 3,157                      |
| Corporate America  | 2,167                        | (132)                          | 2,035                      |
| Platinum Investor I & II                                   | 24,815                       | (34,860)                       | (10,045)                   |
| Platinum Investor III                                      | 132,133                      | (100,920)                      | 31,213                     |
| Platinum Investor FlexDirector                             | 6,336                        | (41)                           | 6,295                      |
| Platinum Investor PLUS                                     | 30,649                       | (8,015)                        | 22,634                     |
| Platinum Investor Survivor                                 | 2,284                        | (6,870)                        | (4,586)                    |
| Platinum Investor Survivor II                              | 9,997                        | (4,158)                        | 5,839                      |
| Pioneer Fund VCT Portfolio - Class I                       |                              |                                |                            |
| Platinum Investor I & II                                   | 246,612                      | (4,263)                        | 242,349                    |
| Platinum Investor III                                      | 55,941                       | (498)                          | 55,443                     |
| Platinum Investor PLUS                                     | 1,005                        | (7)                            | 998                        |
| Platinum Investor Survivor                                 | 28,357                       | (185)                          | 28,172                     |
| Platinum Investor Survivor II                              | 392                          | (4)                            | 388                        |
| Pioneer Growth Opportunities VCT Portfolio -<br>Class I    |                              |                                |                            |
| Corporate America  | 3,482                        | (8)                            | 3,474                      |
| Platinum Investor I & II                                   | 354,695                      | (6,863)                        | 347,832                    |
| Platinum Investor III                                      | 139,194                      | (1,261)                        | 137,933                    |
| Platinum Investor PLUS                                     | 5,023                        | (44)                           | 4,979                      |
| Platinum Investor Survivor                                 | 14,562                       | (243)                          | 14,319                     |
| Platinum Investor Survivor II                              | 39,332                       | (6)                            | 39,326                     |
| Putnam VT Diversified Income Fund - Class IB               |                              |                                |                            |
| AG Legacy Plus   | 4,542                        | (434)                          | 4,108                      |
| Corporate America  | 105,949                      | (4,451)                        | 101,498                    |
| Platinum Investor I & II                                   | 5,981                        | (35,410)                       | (29,429)                   |

|   |         |          |          |
|---|---------|----------|----------|
| Platinum Investor III                                     | 18,349  | (13,628) | 4,721    |
| Platinum Investor FlexDirector                            | 65      | --       | 65       |
| Platinum Investor PLUS                                    | 3,002   | (1,082)  | 1,920    |
| Platinum Investor Survivor                                | 270     | (3,345)  | (3,075)  |
| Platinum Investor Survivor II                             | 1,417   | (202)    | 1,215    |
| Putnam VT Growth and Income Fund - Class IB               |         |          |          |
| Corporate America   | 134,475 | (6,520)  | 127,955  |
| Platinum Investor I & II                                  | 56,218  | (73,889) | (17,671) |
| Platinum Investor III                                     | 146,421 | (89,431) | 56,990   |
| Platinum Investor FlexDirector                            | 9,193   | (45)     | 9,148    |
| Platinum Investor PLUS                                    | 18,714  | (5,059)  | 13,655   |
| Platinum Investor Survivor                                | 15,931  | (20,215) | (4,284)  |
| Platinum Investor Survivor II                             | 1,590   | (1,201)  | 389      |
| Putnam VT International Growth and Income Fund - Class IB |         |          |          |
| Corporate America   | 960     | (1)      | 959      |
| Platinum Investor I & II                                  | 22,238  | (57,145) | (34,907) |
| Platinum Investor III                                     | 40,988  | (48,322) | (7,334)  |
| Platinum Investor FlexDirector                            | 114     | (2)      | 112      |
| Platinum Investor PLUS                                    | 5,982   | (1,774)  | 4,208    |
| Platinum Investor Survivor                                | 5,195   | (10,780) | (5,585)  |
| Platinum Investor Survivor II                             | 1,346   | (6,192)  | (4,846)  |
| Putnam VT Small Cap Value Fund - Class IB                 |         |          |          |
| AG Legacy Plus  | 712     | (1,359)  | (647)    |
| Putnam VT Vista Fund - Class IB                           |         |          |          |
| AG Legacy Plus  | 386     | (713)    | (327)    |
| Putnam VT Voyager Fund - Class IB                         |         |          |          |
| AG Legacy Plus  | 12,280  | (3,201)  | 9,079    |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the year ended December 31, 2004.

| Divisions  | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|--|------------------------------|--------------------------------|----------------------------|
| <S>  | <C>                          | <C>                            | <C>                        |
| Safeco RST Core Equity Portfolio                     |                              |                                |                            |
| Platinum Investor I & II                             | 29,337                       | (305,514)                      | (276,177)                  |
| Platinum Investor III                                | 16,668                       | (80,604)                       | (63,936)                   |
| Platinum Investor PLUS                               | 203                          | (1,041)                        | (838)                      |
| Platinum Investor Survivor                           | 6,952                        | (39,189)                       | (32,237)                   |
| Platinum Investor Survivor II                        | 274                          | (461)                          | (187)                      |
| Safeco RST Growth Opportunities Portfolio            |                              |                                |                            |
| Corporate America                                    | 31                           | (3,402)                        | (3,371)                    |
| Platinum Investor I & II                             | 33,254                       | (429,745)                      | (396,491)                  |
| Platinum Investor III                                | 31,627                       | (152,584)                      | (120,957)                  |
| Platinum Investor PLUS                               | 1,137                        | (4,704)                        | (3,567)                    |
| Platinum Investor Survivor                           | 2,113                        | (19,131)                       | (17,018)                   |
| Platinum Investor Survivor II                        | 11,326                       | (34,569)                       | (23,243)                   |
| Scudder VIT Equity 500 Index Fund - Class A          |                              |                                |                            |
| Legacy Plus  | 419                          | (232)                          | 187                        |
| SunAmerica - Aggressive Growth Portfolio - Class 1   |                              |                                |                            |
| Platinum Investor I & II                             | 337                          | (643)                          | (306)                      |
| Platinum Investor III                                | 19,952                       | (5,233)                        | 14,719                     |
| Platinum Investor PLUS                               | 5,224                        | (1,000)                        | 4,224                      |
| Platinum Investor Survivor                           | 1,065                        | (46)                           | 1,019                      |
| Platinum Investor Survivor II                        | 189                          | (70)                           | 119                        |
| SunAmerica - SunAmerica Balanced Portfolio - Class 1 |                              |                                |                            |
| Platinum Investor I & II                             | 223                          | (171)                          | 52                         |
| Platinum Investor III                                | 34,706                       | (10,404)                       | 24,302                     |
| Platinum Investor PLUS                               | 9,680                        | (2,392)                        | 7,288                      |
| Platinum Investor Survivor II                        | 1,009                        | (166)                          | 843                        |
| UIF Equity Growth Portfolio - Class I                |                              |                                |                            |
| Platinum Investor I & II                             | 56,887                       | (94,152)                       | (37,265)                   |
| Platinum Investor III                                | 27,185                       | (14,533)                       | 12,652                     |
| Platinum Investor PLUS                               | 2,823                        | (643)                          | 2,180                      |
| Platinum Investor Survivor                           | 4,070                        | (10,690)                       | (6,620)                    |
| Platinum Investor Survivor II                        | 99                           | (21)                           | 78                         |
| UIF High Yield Portfolio - Class I                   |                              |                                |                            |
| Platinum Investor I & II                             | 10,395                       | (42,991)                       | (32,596)                   |
| Platinum Investor FlexDirector                       | 1,743                        | (8)                            | 1,735                      |
| Platinum Investor III                                | 13,057                       | (5,364)                        | 7,693                      |
| Platinum Investor PLUS                               | 2,069                        | (307)                          | 1,762                      |

|   |         |           |          |
|---|---------|-----------|----------|
| Platinum Investor Survivor                    | 3,093   | (3,719)   | (626)    |
| Platinum Investor Survivor II                 | 1,483   | (932)     | 551      |
| VALIC Company I - International Equities Fund |         |           |          |
| AG Legacy Plus                                | 6,548   | (804)     | 5,744    |
| Platinum Investor I & II                      | 15,764  | (67,617)  | (51,853) |
| Platinum Investor III                         | 31,840  | (12,819)  | 19,021   |
| Platinum Investor FlexDirector                | 359     | (10)      | 349      |
| Platinum Investor PLUS                        | 5,046   | (738)     | 4,308    |
| Platinum Investor Survivor                    | 3,192   | (1,798)   | 1,394    |
| Platinum Investor Survivor II                 | 1,290   | (330)     | 960      |
| VALIC Company I - Mid Cap Index Fund          |         |           |          |
| AG Legacy Plus                                | 5,627   | (931)     | 4,696    |
| Corporate America                             | 48      | (1,030)   | (982)    |
| Corporate America (reduced surrender charge)  | 705     | (1)       | 704      |
| Platinum Investor I & II                      | 40,325  | (118,088) | (77,763) |
| Platinum Investor III                         | 131,262 | (55,612)  | 75,650   |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the year ended December 31, 2004.

<TABLE>

<CAPTION>

| Divisions  | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|--|------------------------------|--------------------------------|----------------------------|
| <S>  | <C>                          | <C>                            | <C>                        |
| VALIC Company I - Mid Cap Index Fund - Continued   |                              |                                |                            |
| Platinum Investor PLUS                             | 26,921                       | (4,209)                        | 22,712                     |
| Platinum Investor Survivor                         | 11,171                       | (8,306)                        | 2,865                      |
| Platinum Investor Survivor II                      | 16,206                       | (3,972)                        | 12,234                     |
| VALIC Company I - Money Market I Fund              |                              |                                |                            |
| AG Legacy Plus                                     | 100,017                      | (102,487)                      | (2,470)                    |
| Corporate America                                  | 64,846                       | (63,733)                       | 1,113                      |
| Corporate America (reduced surrender charge)       | 32,328                       | (5,241)                        | 27,087                     |
| Legacy Plus  | 190                          | (107)                          | 83                         |
| Platinum Investor I & II                           | 278,917                      | (518,582)                      | (239,665)                  |
| Platinum Investor III                              | 1,940,255                    | (1,875,974)                    | 64,281                     |
| Platinum Investor FlexDirector                     | 62,864                       | (57,978)                       | 4,886                      |
| Platinum Investor PLUS                             | 448,303                      | (438,160)                      | 10,143                     |
| Platinum Investor Survivor                         | 63,233                       | (87,075)                       | (23,842)                   |
| Platinum Investor Survivor II                      | 162,859                      | (184,079)                      | (21,220)                   |
| VALIC Company I - Nasdaq-100 Index Fund            |                              |                                |                            |
| Platinum Investor I & II                           | 33,616                       | (13,320)                       | 20,296                     |
| Platinum Investor III                              | 105,366                      | (83,209)                       | 22,157                     |
| Platinum Investor FlexDirector                     | 51                           | (3)                            | 48                         |
| Platinum Investor PLUS                             | 7,518                        | (1,658)                        | 5,860                      |
| Platinum Investor Survivor                         | 12,152                       | (2,977)                        | 9,175                      |
| Platinum Investor Survivor II                      | 11,245                       | (74)                           | 11,171                     |
| VALIC Company I - Science & Technology Fund        |                              |                                |                            |
| Platinum Investor I & II                           | 60,602                       | (17,466)                       | 43,136                     |
| Platinum Investor III                              | 58,249                       | (29,890)                       | 28,359                     |
| Platinum Investor FlexDirector                     | 55                           | (4)                            | 51                         |
| Platinum Investor PLUS                             | 2,112                        | (1,007)                        | 1,105                      |
| Platinum Investor Survivor                         | 4,225                        | (1,398)                        | 2,827                      |
| Platinum Investor Survivor II                      | 572                          | (193)                          | 379                        |
| VALIC Company I - Small Cap Index Fund             |                              |                                |                            |
| Corporate America                                  | --                           | (507)                          | (507)                      |
| Platinum Investor I & II                           | 8,079                        | (32,964)                       | (24,885)                   |
| Platinum Investor III                              | 86,323                       | (21,958)                       | 64,365                     |
| Platinum Investor FlexDirector                     | 34                           | (2)                            | 32                         |
| Platinum Investor PLUS                             | 18,047                       | (2,261)                        | 15,786                     |
| Platinum Investor Survivor                         | 2,854                        | (8,362)                        | (5,508)                    |
| Platinum Investor Survivor II                      | 1,893                        | (499)                          | 1,394                      |
| VALIC Company I - Stock Index Fund                 |                              |                                |                            |
| AG Legacy Plus                                     | 33,622                       | (3,730)                        | 29,892                     |
| Corporate America                                  | 78                           | (354)                          | (276)                      |
| Platinum Investor I & II                           | 189,803                      | (383,612)                      | (193,809)                  |
| Platinum Investor III                              | 539,017                      | (1,016,672)                    | (477,655)                  |
| Platinum Investor FlexDirector                     | 87                           | --                             | 87                         |
| Platinum Investor PLUS                             | 27,769                       | (6,712)                        | 21,057                     |
| Platinum Investor Survivor                         | 45,262                       | (293,260)                      | (247,998)                  |
| Platinum Investor Survivor II                      | 54,155                       | (185,824)                      | (131,669)                  |
| Van Kampen LIT Emerging Growth Portfolio - Class I |                              |                                |                            |
| AG Legacy Plus                                     | 1,652                        | (2,943)                        | (1,291)                    |
| Van Kampen LIT Government Portfolio - Class I      |                              |                                |                            |

|  |         |          |        |
|--|---------|----------|--------|
| AG Legacy Plus                                       | 2,796   | (2,071)  | 725    |
| Van Kampen LIT Growth and Income Portfolio - Class I |         |          |        |
| Platinum Investor I & II                             | 38,086  | (24,886) | 13,200 |
| Platinum Investor III                                | 119,619 | (32,697) | 86,922 |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the year ended December 31, 2004.

| Divisions  | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|--|------------------------------|--------------------------------|----------------------------|
| <S>  | <C>                          | <C>                            | <C>                        |
| Van Kampen LIT Growth and Income Portfolio - Class I - Continued |                              |                                |                            |
| Platinum Investor FlexDirector                                   | 34                           | (2)                            | 32                         |
| Platinum Investor PLUS   | 9,642                        | (3,075)                        | 6,567                      |
| Platinum Investor Survivor                                       | 7,296                        | (5,764)                        | 1,532                      |
| Platinum Investor Survivor II                                    | 2,936                        | (1,055)                        | 1,881                      |
| Vanguard VIF High Yield Bond Portfolio                           |                              |                                |                            |
| Platinum Investor I & II   | 36,007                       | (9,450)                        | 26,557                     |
| Platinum Investor III  | 161,594                      | (34,787)                       | 126,807                    |
| Platinum Investor FlexDirector                                   | 34                           | (2)                            | 32                         |
| Platinum Investor PLUS   | 16,258                       | (3,487)                        | 12,771                     |
| Platinum Investor Survivor                                       | 22,712                       | (7,868)                        | 14,844                     |
| Platinum Investor Survivor II                                    | 21,213                       | (909)                          | 20,304                     |
| Vanguard VIF REIT Index Portfolio                                |                              |                                |                            |
| Corporate America  | --                           | (3,135)                        | (3,135)                    |
| Platinum Investor I & II   | 28,989                       | (8,935)                        | 20,054                     |
| Platinum Investor III  | 98,189                       | (34,459)                       | 63,730                     |
| Platinum Investor FlexDirector                                   | 3,872                        | (23)                           | 3,849                      |
| Platinum Investor PLUS   | 31,592                       | (5,804)                        | 25,788                     |
| Platinum Investor Survivor                                       | 11,750                       | (2,148)                        | 9,602                      |
| Platinum Investor Survivor II                                    | 15,521                       | (1,475)                        | 14,046                     |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the year ended December 31, 2003.

| Divisions  | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|--|------------------------------|--------------------------------|----------------------------|
| <S>  | <C>                          | <C>                            | <C>                        |
| AIM V.I. International Growth Fund - Series I              |                              |                                |                            |
| AG Legacy Plus   | 6,274                        | (11,281)                       | (5,007)                    |
| Corporate America  | 1,186                        | (256)                          | 930                        |
| Platinum Investor I & II                                   | 76,995                       | (116,962)                      | (39,967)                   |
| Platinum Investor III                                      | 65,980                       | (22,903)                       | 43,077                     |
| Platinum Investor PLUS                                     | 3,953                        | (620)                          | 3,333                      |
| Platinum Investor Survivor                                 | 8,299                        | (11,973)                       | (3,674)                    |
| Platinum Investor Survivor II                              | 135                          | (308)                          | (173)                      |
| AIM V.I. Premier Equity Fund - Series I                    |                              |                                |                            |
| Corporate America  | 85                           | (228)                          | (143)                      |
| Legacy Plus  | --                           | (1)                            | (1)                        |
| Platinum Investor I & II                                   | 173,672                      | (274,866)                      | (101,194)                  |
| Platinum Investor III                                      | 183,281                      | (97,216)                       | 86,065                     |
| Platinum Investor PLUS                                     | 8,508                        | (1,310)                        | 7,198                      |
| Platinum Investor Survivor                                 | 37,635                       | (33,390)                       | 4,245                      |
| Platinum Investor Survivor II                              | 1,853                        | (1,142)                        | 711                        |
| Alger American Leveraged AllCap Portfolio - Class O Shares |                              |                                |                            |
| Platinum Investor III                                      | 18,270                       | (263)                          | 18,007                     |
| Platinum Investor PLUS                                     | 1,275                        | (69)                           | 1,206                      |
| Platinum Investor Survivor                                 | 190                          | (52)                           | 138                        |
| Platinum Investor Survivor II                              | 104                          | (1)                            | 103                        |

|   |         |           |           |
|---|---------|-----------|-----------|
| Alger American MidCap Growth Portfolio - Class O Shares |         |           |           |
| Platinum Investor III                                   | 19,295  | (510)     | 18,785    |
| Platinum Investor PLUS                                  | 1,063   | (78)      | 985       |
| Platinum Investor Survivor                              | 2,294   | (120)     | 2,174     |
| Platinum Investor Survivor II                           | 355     | (12)      | 343       |
| American Century VP Value Fund - Class I                |         |           |           |
| AG Legacy Plus  | 4,709   | (6,085)   | (1,376)   |
| Corporate America                                       | 703     | (1,159)   | (456)     |
| Platinum Investor I & II                                | 90,261  | (59,760)  | 30,501    |
| Platinum Investor III                                   | 209,686 | (61,824)  | 147,862   |
| Platinum Investor PLUS                                  | 19,264  | (3,542)   | 15,722    |
| Platinum Investor Survivor                              | 18,947  | (6,047)   | 12,900    |
| Platinum Investor Survivor II                           | 31,849  | (7,441)   | 24,408    |
| Ayco Growth Fund  |         |           |           |
| Platinum Investor I & II                                | 151     | (29,217)  | (29,066)  |
| Platinum Investor III                                   | 5,914   | (36,062)  | (30,148)  |
| Platinum Investor PLUS                                  | 26      | (27)      | (1)       |
| Platinum Investor Survivor                              | --      | (789,598) | (789,598) |
| Platinum Investor Survivor II                           | --      | (222,735) | (222,735) |
| Credit Suisse Small Cap Growth Portfolio                |         |           |           |
| Platinum Investor I & II                                | 18,634  | (7,048)   | 11,586    |
| Platinum Investor III                                   | 77,055  | (13,952)  | 63,103    |
| Platinum Investor PLUS                                  | 3,551   | (585)     | 2,966     |
| Platinum Investor Survivor                              | 2,739   | (1,575)   | 1,164     |
| Platinum Investor Survivor II                           | 721     | (96)      | 625       |
| Dreyfus IP MidCap Stock Portfolio - Initial shares      |         |           |           |
| Platinum Investor I & II                                | 16,562  | (6,547)   | 10,015    |
| Platinum Investor III                                   | 71,478  | (31,070)  | 40,408    |
| Platinum Investor PLUS                                  | 9,409   | (1,374)   | 8,035     |
| Platinum Investor Survivor                              | 2,359   | (4,035)   | (1,676)   |
| Platinum Investor Survivor II                           | 3,173   | (634)     | 2,539     |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the Year Ended December 31, 2003.

<TABLE>

<CAPTION>

| Divisions   | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|---|------------------------------|--------------------------------|----------------------------|
| <S>   | <C>                          | <C>                            | <C>                        |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares |                              |                                |                            |
| Corporate America   | 3,022                        | (790)                          | 2,232                      |
| Platinum Investor I & II                                  | 76,960                       | (97,790)                       | (20,830)                   |
| Platinum Investor III                                     | 180,173                      | (73,729)                       | 106,444                    |
| Platinum Investor PLUS                                    | 13,861                       | (3,210)                        | 10,651                     |
| Platinum Investor Survivor                                | 13,161                       | (115,971)                      | (102,810)                  |
| Platinum Investor Survivor II                             | 28,864                       | (4,922)                        | 23,942                     |
| Dreyfus VIF Quality Bond Portfolio - Initial shares       |                              |                                |                            |
| Corporate America   | 25                           | (176)                          | (151)                      |
| Platinum Investor I & II                                  | 24,238                       | (106,898)                      | (82,660)                   |
| Platinum Investor III                                     | 102,634                      | (45,402)                       | 57,232                     |
| Platinum Investor PLUS                                    | 11,577                       | (4,000)                        | 7,577                      |
| Platinum Investor Survivor                                | 7,219                        | (4,159)                        | 3,060                      |
| Platinum Investor Survivor II                             | 2,068                        | (644)                          | 1,424                      |
| Fidelity VIP Asset Manager Portfolio - Service Class 2    |                              |                                |                            |
| AG Legacy Plus  | 5,803                        | (384)                          | 5,419                      |
| Platinum Investor I & II                                  | 96,784                       | (76,390)                       | 20,394                     |
| Platinum Investor III                                     | 93,269                       | (25,955)                       | 67,314                     |
| Platinum Investor PLUS                                    | 6,980                        | (1,227)                        | 5,753                      |
| Platinum Investor Survivor                                | 2,490                        | (2,092)                        | 398                        |
| Platinum Investor Survivor II                             | 4,796                        | (982)                          | 3,814                      |
| Fidelity VIP Contrafund Portfolio - Service Class 2       |                              |                                |                            |
| AG Legacy Plus  | 12,725                       | (1,041)                        | 11,684                     |
| Corporate America   | 1,303                        | (984)                          | 319                        |
| Platinum Investor I & II                                  | 81,721                       | (50,361)                       | 31,360                     |
| Platinum Investor III                                     | 371,144                      | (94,138)                       | 277,006                    |
| Platinum Investor PLUS                                    | 28,044                       | (3,874)                        | 24,170                     |
| Platinum Investor Survivor                                | 8,069                        | (242,684)                      | (234,615)                  |
| Platinum Investor Survivor II                             | 6,563                        | (1,572)                        | 4,991                      |
| Fidelity VIP Equity-Income Portfolio - Service Class 2    |                              |                                |                            |
| AG Legacy Plus  | 15,655                       | (2,344)                        | 13,311                     |
| Corporate America   | 3,103                        | (1,155)                        | 1,948                      |
| Platinum Investor I & II                                  | 82,850                       | (45,650)                       | 37,200                     |
| Platinum Investor III                                     | 358,761                      | (98,918)                       | 259,843                    |

|  |         |           |           |
|--|---------|-----------|-----------|
| Platinum Investor PLUS                                 | 26,542  | (4,475)   | 22,067    |
| Platinum Investor Survivor                             | 17,519  | (214,156) | (196,637) |
| Platinum Investor Survivor II                          | 7,414   | (4,125)   | 3,289     |
| Fidelity VIP Growth Portfolio - Service Class 2        |         |           |           |
| AG Legacy Plus   | 5,164   | (1,480)   | 3,684     |
| Corporate America                                      | 1,277   | (107)     | 1,170     |
| Platinum Investor I & II                               | 50,769  | (54,295)  | (3,526)   |
| Platinum Investor III                                  | 423,033 | (144,998) | 278,035   |
| Platinum Investor PLUS                                 | 33,584  | (4,617)   | 28,967    |
| Platinum Investor Survivor                             | 32,144  | (351,681) | (319,537) |
| Platinum Investor Survivor II                          | 7,150   | (4,205)   | 2,945     |
| Fidelity VIP Mid Cap Portfolio - Service Class 2       |         |           |           |
| Platinum Investor I & II                               | 14,015  | (85)      | 13,930    |
| Platinum Investor III                                  | 7,829   | (239)     | 7,590     |
| Platinum Investor PLUS                                 | 1,215   | (132)     | 1,083     |
| Platinum Investor Survivor II                          | 648     | (2)       | 646       |
| Franklin Templeton - Franklin Small Cap Fund - Class 2 |         |           |           |
| AG Legacy Plus   | 2,125   | (690)     | 1,435     |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the Year Ended December 31, 2003.

<TABLE>

<CAPTION>

| Divisions   | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|---|------------------------------|--------------------------------|----------------------------|
| <S>   | <C>                          | <C>                            | <C>                        |
| Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2 |                              |                                |                            |
| Platinum Investor I & II  | 827                          | (4)                            | 823                        |
| Platinum Investor III   | 14,291                       | (371)                          | 13,920                     |
| Platinum Investor PLUS  | 2,335                        | (61)                           | 2,274                      |
| Platinum Investor Survivor  | 954                          | -                              | 954                        |
| Platinum Investor Survivor II   | 410                          | (3)                            | 407                        |
| Franklin Templeton - Franklin U.S. Government Fund - Class 2            |                              |                                |                            |
| Platinum Investor I & II  | 17,746                       | (7,146)                        | 10,600                     |
| Platinum Investor III   | 298,886                      | (71,552)                       | 227,334                    |
| Platinum Investor PLUS  | 33,379                       | (2,565)                        | 30,814                     |
| Platinum Investor Survivor  | 9,864                        | (34,612)                       | (24,748)                   |
| Platinum Investor Survivor II   | 5,006                        | (938)                          | 4,068                      |
| Franklin Templeton - Mutual Shares Securities Fund - Class 2            |                              |                                |                            |
| Platinum Investor I & II  | 24,039                       | (12,173)                       | 11,866                     |
| Platinum Investor III   | 52,285                       | (39,157)                       | 13,128                     |
| Platinum Investor PLUS  | 7,694                        | (1,441)                        | 6,253                      |
| Platinum Investor Survivor  | 1,493                        | (109)                          | 1,384                      |
| Platinum Investor Survivor II   | 9,312                        | (1,349)                        | 7,963                      |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2        |                              |                                |                            |
| AG Legacy Plus  | 7,261                        | (401)                          | 6,860                      |
| Platinum Investor I & II  | 50,792                       | (3,608)                        | 47,184                     |
| Platinum Investor III   | 35,180                       | (38,586)                       | (3,406)                    |
| Platinum Investor PLUS  | 4,181                        | (675)                          | 3,506                      |
| Platinum Investor Survivor  | 6,322                        | (962)                          | 5,360                      |
| Platinum Investor Survivor II   | 18,548                       | (1,884)                        | 16,664                     |
| Goldman Sachs Capital Growth Fund                                       |                              |                                |                            |
| Platinum Investor I & II  | 14,862                       | (1)                            | 14,861                     |
| Platinum Investor III   | 16,345                       | (121)                          | 16,224                     |
| Platinum Investor PLUS  | 115                          | -                              | 115                        |
| Platinum Investor Survivor  | 740,046                      | (8)                            | 740,038                    |
| Platinum Investor Survivor II   | 203,960                      | (1,450)                        | 202,510                    |
| Janus Aspen Series International Growth Portfolio - Service Shares      |                              |                                |                            |
| Corporate America   | 1,379                        | (33)                           | 1,346                      |
| Platinum Investor I & II  | 16,648                       | (9,377)                        | 7,271                      |
| Platinum Investor III   | 87,331                       | (33,171)                       | 54,160                     |
| Platinum Investor PLUS  | 3,395                        | (805)                          | 2,590                      |
| Platinum Investor Survivor  | 15,434                       | (5,554)                        | 9,880                      |
| Platinum Investor Survivor II   | -                            | (5,923)                        | (5,923)                    |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares            |                              |                                |                            |
| Corporate America   | 951                          | (742)                          | 209                        |
| Platinum Investor I & II  | 13,052                       | (11,566)                       | 1,486                      |
| Platinum Investor III   | 198,336                      | (78,828)                       | 119,508                    |
| Platinum Investor PLUS  | 5,512                        | (919)                          | 4,593                      |
| Platinum Investor Survivor  | 21,349                       | (6,331)                        | 15,018                     |
| Platinum Investor Survivor II   | 1,031                        | (35)                           | 996                        |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares          |                              |                                |                            |
| Corporate America   | 3,676                        | (977)                          | 2,699                      |

|                               |         |          |          |
|-------------------------------|---------|----------|----------|
| Platinum Investor I & II      | 32,338  | (57,763) | (25,425) |
| Platinum Investor III         | 167,354 | (58,998) | 108,356  |
| Platinum Investor PLUS        | 8,615   | (1,421)  | 7,194    |
| Platinum Investor Survivor    | 20,463  | (5,284)  | 15,179   |
| Platinum Investor Survivor II | 18,111  | (4,402)  | 13,709   |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the Year Ended December 31, 2003.

| Divisions  | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|--|------------------------------|--------------------------------|----------------------------|
| -----  |                              |                                |                            |
| JPMorgan Mid Cap Value Portfolio                           |                              |                                |                            |
| Platinum Investor I & II                                   | 45                           | (6)                            | 39                         |
| Platinum Investor III                                      | 9,715                        | (383)                          | 9,332                      |
| Platinum Investor PLUS                                     | 177                          | (38)                           | 139                        |
| Platinum Investor Survivor II                              | 378                          | (19)                           | 359                        |
| JPMorgan Small Company Portfolio                           |                              |                                |                            |
| Platinum Investor I & II                                   | 12,196                       | (1,758)                        | 10,438                     |
| Platinum Investor III                                      | 40,853                       | (10,824)                       | 30,029                     |
| Platinum Investor PLUS                                     | 1,835                        | (373)                          | 1,462                      |
| Platinum Investor Survivor                                 | 390                          | (1,093)                        | (703)                      |
| Platinum Investor Survivor II                              | 376                          | (23)                           | 353                        |
| MFS VIT Capital Opportunities<br>Series - Initial Class    |                              |                                |                            |
| Corporate America  | 1,425                        | (1,058)                        | 367                        |
| Platinum Investor I & II                                   | 19,736                       | (34,270)                       | (14,534)                   |
| Platinum Investor III                                      | 169,426                      | (79,215)                       | 90,211                     |
| Platinum Investor PLUS                                     | 12,954                       | (1,681)                        | 11,273                     |
| Platinum Investor Survivor                                 | 16,183                       | (12,148)                       | 4,035                      |
| Platinum Investor Survivor II                              | 910                          | (450)                          | 460                        |
| MFS VIT Emerging Growth Series -<br>Initial Class          |                              |                                |                            |
| AG Legacy Plus   | 2,675                        | (495)                          | 2,180                      |
| Corporate America  | --                           | (199)                          | (199)                      |
| Platinum Investor I & II                                   | 193,938                      | (220,645)                      | (26,707)                   |
| Platinum Investor III                                      | 430,275                      | (126,793)                      | 303,482                    |
| Platinum Investor PLUS                                     | 11,349                       | (1,779)                        | 9,570                      |
| Platinum Investor Survivor                                 | 44,672                       | (28,380)                       | 16,292                     |
| Platinum Investor Survivor II                              | 1,583                        | (480)                          | 1,103                      |
| MFS VIT New Discovery Series -<br>Initial Class            |                              |                                |                            |
| AG Legacy Plus   | 4,697                        | (376)                          | 4,321                      |
| Corporate America  | 956                          | (627)                          | 329                        |
| Platinum Investor I & II                                   | 24,131                       | (15,701)                       | 8,430                      |
| Platinum Investor III                                      | 116,943                      | (35,732)                       | 81,211                     |
| Platinum Investor PLUS                                     | 6,773                        | (1,248)                        | 5,525                      |
| Platinum Investor Survivor                                 | 8,502                        | (2,059)                        | 6,443                      |
| Platinum Investor Survivor II                              | 4,111                        | (2,036)                        | 2,075                      |
| MFS VIT Research Series - Initial<br>Class                 |                              |                                |                            |
| Corporate America  | 1,235                        | (40)                           | 1,195                      |
| Platinum Investor I & II                                   | 7,453                        | (5,841)                        | 1,612                      |
| Platinum Investor III                                      | 63,584                       | (31,790)                       | 31,794                     |
| Platinum Investor PLUS                                     | 3,315                        | (433)                          | 2,882                      |
| Platinum Investor Survivor                                 | 4,536                        | (3,991)                        | 545                        |
| Platinum Investor Survivor II                              | 2,230                        | (709)                          | 1,521                      |
| MFS VIT Total Return Series -<br>Initial Class             |                              |                                |                            |
| AG Legacy Plus   | 18,728                       | (21,260)                       | (2,532)                    |
| Neuberger Berman AMT Mid-Cap<br>Growth Portfolio - Class I |                              |                                |                            |
| Corporate America  | 1,001                        | --                             | 1,001                      |
| Platinum Investor I & II                                   | 6,196                        | (12,872)                       | (6,676)                    |
| Platinum Investor III                                      | 121,148                      | (46,044)                       | 75,104                     |
| Platinum Investor PLUS                                     | 9,131                        | (1,367)                        | 7,764                      |
| Platinum Investor Survivor                                 | 5,537                        | (166,619)                      | (161,082)                  |
| Platinum Investor Survivor II                              | 4,511                        | (1,083)                        | 3,428                      |
| Neuberger Berman AMT Partners<br>Portfolio - Class I       |                              |                                |                            |
| AG Legacy Plus   | 745                          | (368)                          | 377                        |

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
 SEPARATE ACCOUNT VL-R  
 NOTES TO FINANCIAL STATEMENTS

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the Year Ended December 31, 2003.

| Divisions  | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|--|------------------------------|--------------------------------|----------------------------|
| Oppenheimer Global Securities                              |                              |                                |                            |
| Fund/VA - Non-Service Shares                               |                              |                                |                            |
| Platinum Investor I & II                                   | 2,681                        | --                             | 2,681                      |
| Platinum Investor III                                      | 8,184                        | (220)                          | 7,964                      |
| Platinum Investor PLUS                                     | 305                          | (51)                           | 254                        |
| Platinum Investor Survivor                                 | 1,282                        | (11)                           | 1,271                      |
| Platinum Investor Survivor II                              | 316                          | --                             | 316                        |
| Oppenheimer High Income Fund/VA -<br>Non-Service Shares    |                              |                                |                            |
| AG Legacy Plus   | 385                          | (5,952)                        | (5,567)                    |
| Oppenheimer Balanced Fund/VA -<br>Non - Service Shares     |                              |                                |                            |
| Platinum Investor I & II                                   | 2                            | --                             | 2                          |
| Platinum Investor III                                      | 5,806                        | (131)                          | 5,675                      |
| Platinum Investor PLUS                                     | 516                          | (25)                           | 491                        |
| Platinum Investor Survivor                                 | 433                          | --                             | 433                        |
| Platinum Investor Survivor II                              | 3,205                        | (8)                            | 3,197                      |
| PIMCO VIT Real Return Portfolio -<br>Administrative Class  |                              |                                |                            |
| AG Legacy Plus   | 16,602                       | (2,635)                        | 13,967                     |
| Corporate America  | --                           | (611)                          | (611)                      |
| Platinum Investor I & II                                   | 16,412                       | (90,663)                       | (74,251)                   |
| Platinum Investor III                                      | 233,810                      | (51,006)                       | 182,804                    |
| Platinum Investor PLUS                                     | 19,578                       | (5,144)                        | 14,434                     |
| Platinum Investor Survivor                                 | 2,239                        | (7,254)                        | (5,015)                    |
| Platinum Investor Survivor II                              | 8,856                        | (2,022)                        | 6,834                      |
| PIMCO VIT Short-Term Portfolio -<br>Administrative Class   |                              |                                |                            |
| Corporate America  | 10,598                       | (1,405)                        | 9,193                      |
| Platinum Investor I & II                                   | 143,781                      | (25,585)                       | 118,196                    |
| Platinum Investor III                                      | 70,718                       | (20,485)                       | 50,233                     |
| Platinum Investor PLUS                                     | 5,191                        | (686)                          | 4,505                      |
| Platinum Investor Survivor                                 | 8,661                        | (3,200)                        | 5,461                      |
| Platinum Investor Survivor II                              | 517                          | (5,514)                        | (4,997)                    |
| PIMCO VIT Total Return Portfolio<br>- Administrative Class |                              |                                |                            |
| AG Legacy Plus   | 11,616                       | (1,278)                        | 10,338                     |
| Corporate America  | 2,197                        | (117)                          | 2,080                      |
| Platinum Investor I & II                                   | 21,369                       | (38,960)                       | (17,591)                   |
| Platinum Investor III                                      | 194,268                      | (59,111)                       | 135,157                    |
| Platinum Investor PLUS                                     | 23,717                       | (4,211)                        | 19,506                     |
| Platinum Investor Survivor                                 | 4,035                        | (4,271)                        | (236)                      |
| Platinum Investor Survivor II                              | 18,599                       | (9,935)                        | 8,664                      |
| Putnam VT Diversified Income Fund<br>- Class IB            |                              |                                |                            |
| AG Legacy Plus   | 4,575                        | (3,626)                        | 949                        |
| Corporate America  | 108,853                      | (4,426)                        | 104,427                    |
| Platinum Investor I & II                                   | 11,663                       | (21,868)                       | (10,205)                   |
| Platinum Investor III                                      | 32,744                       | (9,086)                        | 23,658                     |
| Platinum Investor PLUS                                     | 4,722                        | (738)                          | 3,984                      |
| Platinum Investor Survivor                                 | 673                          | (1,075)                        | (402)                      |
| Platinum Investor Survivor II                              | 169                          | (47)                           | 122                        |
| Putnam VT Growth and Income Fund<br>- Class IB             |                              |                                |                            |
| Corporate America  | 145,817                      | (8,235)                        | 137,582                    |
| Platinum Investor I & II                                   | 98,870                       | (146,149)                      | (47,279)                   |
| Platinum Investor III                                      | 226,325                      | (85,716)                       | 140,609                    |
| Platinum Investor PLUS                                     | 12,291                       | (2,934)                        | 9,357                      |
| Platinum Investor Survivor                                 | 23,293                       | (21,645)                       | 1,648                      |
| Platinum Investor Survivor II                              | 2,668                        | (816)                          | 1,852                      |

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
 SEPARATE ACCOUNT VL-R  
 NOTES TO FINANCIAL STATEMENTS

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the Year Ended December 31, 2003.

| Divisions  | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|--|------------------------------|--------------------------------|----------------------------|
| Putnam VT International Growth<br>and Income Fund - Class IB |                              |                                |                            |
| Corporate America  | 1,334                        | --                             | 1,334                      |
| Platinum Investor I & II                                     | 37,885                       | (33,704)                       | 4,181                      |
| Platinum Investor III  | 89,392                       | (26,550)                       | 62,842                     |
| Platinum Investor PLUS                                       | 4,877                        | (1,030)                        | 3,847                      |
| Platinum Investor Survivor                                   | 11,217                       | (198,788)                      | (187,571)                  |
| Platinum Investor Survivor II                                | 1,769                        | (1,385)                        | 384                        |
| Putnam VT Small Cap Value Fund -<br>Class IB                 |                              |                                |                            |
| AG Legacy Plus   | 2,146                        | (1,007)                        | 1,139                      |
| Putnam VT Vista Fund - Class IB                              |                              |                                |                            |
| AG Legacy Plus   | 1,222                        | (436)                          | 786                        |
| Putnam VT Voyager Fund - Class IB                            |                              |                                |                            |
| AG Legacy Plus   | 15,918                       | (15,002)                       | 916                        |
| Safeco RST Core Equity Portfolio                             |                              |                                |                            |
| Platinum Investor I & II                                     | 64,154                       | (120,454)                      | (56,300)                   |
| Platinum Investor III  | 28,556                       | (12,632)                       | 15,924                     |
| Platinum Investor PLUS                                       | 760                          | (213)                          | 547                        |
| Platinum Investor Survivor                                   | 8,890                        | (3,839)                        | 5,051                      |
| Platinum Investor Survivor II                                | 108                          | (66)                           | 42                         |
| Safeco RST Growth Opportunities<br>Portfolio                 |                              |                                |                            |
| Corporate America  | 40                           | (114)                          | (74)                       |
| Platinum Investor I & II                                     | 68,084                       | (117,012)                      | (48,928)                   |
| Platinum Investor III  | 60,372                       | (45,033)                       | 15,339                     |
| Platinum Investor PLUS                                       | 2,604                        | (780)                          | 1,824                      |
| Platinum Investor Survivor                                   | 4,534                        | (17,533)                       | (12,999)                   |
| Platinum Investor Survivor II                                | 14,123                       | (3,527)                        | 10,596                     |
| Scudder VIT Equity 500 Index Fund<br>- Class A               |                              |                                |                            |
| Legacy Plus  | 319                          | (259)                          | 60                         |
| SunAmerica - Aggressive Growth<br>Portfolio - Class 1        |                              |                                |                            |
| Platinum Investor I & II                                     | 7,929                        | (462)                          | 7,467                      |
| Platinum Investor III  | 14,465                       | (2,117)                        | 12,348                     |
| Platinum Investor PLUS                                       | 2,091                        | (241)                          | 1,850                      |
| Platinum Investor Survivor II                                | 377                          | (48)                           | 329                        |
| SunAmerica - SunAmerica Balanced<br>Portfolio - Class 1      |                              |                                |                            |
| Platinum Investor I & II                                     | 293                          | (114)                          | 179                        |
| Platinum Investor III  | 24,791                       | (4,748)                        | 20,043                     |
| Platinum Investor PLUS                                       | 5,774                        | (1,323)                        | 4,451                      |
| Platinum Investor Survivor II                                | 414                          | (7)                            | 407                        |
| UIF Equity Growth Portfolio -<br>Class I                     |                              |                                |                            |
| Platinum Investor I & II                                     | 77,426                       | (133,018)                      | (55,592)                   |
| Platinum Investor III  | 25,800                       | (8,754)                        | 17,046                     |
| Platinum Investor PLUS                                       | 2,115                        | (273)                          | 1,842                      |
| Platinum Investor Survivor                                   | 4,492                        | (23,372)                       | (18,880)                   |
| Platinum Investor Survivor II                                | 62                           | (20)                           | 42                         |
| UIF High Yield Portfolio -<br>Class I                        |                              |                                |                            |
| Platinum Investor I & II                                     | 18,326                       | (20,554)                       | (2,228)                    |
| Platinum Investor III  | 10,378                       | (2,877)                        | 7,501                      |
| Platinum Investor PLUS                                       | 486                          | (54)                           | 432                        |
| Platinum Investor Survivor                                   | 3,592                        | (2,026)                        | 1,566                      |
| Platinum Investor Survivor II                                | 1,940                        | (452)                          | 1,488                      |

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the Year Ended December 31, 2003.

<TABLE>  
<CAPTION>

| Divisions                                     | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|---|------------------------------|--------------------------------|----------------------------|
| <S>   |                              |                                |                            |
| <C>   |                              |                                |                            |
| <C>   |                              |                                |                            |
| <C>   |                              |                                |                            |
| VALIC Company I - International Equities Fund |                              |                                |                            |
| AG Legacy Plus                                | 3,721                        | (379)                          | 3,342                      |
| Platinum Investor I & II                      | 14,055                       | (25,193)                       | (11,138)                   |
| Platinum Investor III                         | 34,202                       | (9,794)                        | 24,408                     |
| Platinum Investor PLUS                        | 3,992                        | (325)                          | 3,667                      |

|   |           |             |           |
|---|-----------|-------------|-----------|
| Platinum Investor Survivor                  | 4,488     | (5,823)     | (1,335)   |
| Platinum Investor Survivor II               | 186       | (119)       | 67        |
| VALIC Company I - Mid Cap Index Fund        |           |             |           |
| AG Legacy Plus                              | 3,410     | (920)       | 2,490     |
| Corporate America                           | 57        | (594)       | (537)     |
| Platinum Investor I & II                    | 63,297    | (68,946)    | (5,649)   |
| Platinum Investor III                       | 181,298   | (55,897)    | 125,401   |
| Platinum Investor PLUS                      | 15,086    | (2,512)     | 12,574    |
| Platinum Investor Survivor                  | 14,035    | (9,553)     | 4,482     |
| Platinum Investor Survivor II               | 19,634    | (4,657)     | 14,977    |
| VALIC Company I - Money Market I Fund       |           |             |           |
| AG Legacy Plus                              | 114,388   | (107,298)   | 7,090     |
| Corporate America                           | 8,810     | (32,489)    | (23,679)  |
| Legacy Plus                                 | 126       | (100)       | 26        |
| Platinum Investor I & II                    | 493,219   | (882,514)   | (389,295) |
| Platinum Investor III                       | 2,571,974 | (2,662,921) | (90,947)  |
| Platinum Investor PLUS                      | 409,481   | (326,086)   | 83,395    |
| Platinum Investor Survivor                  | 62,134    | (93,379)    | (31,245)  |
| Platinum Investor Survivor II               | 180,009   | (187,843)   | (7,834)   |
| VALIC Company I - Nasdaq-100 Index Fund     |           |             |           |
| Platinum Investor I & II                    | 106,295   | (18,873)    | 87,422    |
| Platinum Investor III                       | 203,983   | (82,688)    | 121,295   |
| Platinum Investor PLUS                      | 6,092     | (700)       | 5,392     |
| Platinum Investor Survivor                  | 13,066    | (3,056)     | 10,010    |
| Platinum Investor Survivor II               | 168       | (6)         | 162       |
| VALIC Company I - Science & Technology Fund |           |             |           |
| Platinum Investor I & II                    | 21,955    | (6,346)     | 15,609    |
| Platinum Investor III                       | 76,376    | (31,248)    | 45,128    |
| Platinum Investor PLUS                      | 2,679     | (335)       | 2,344     |
| Platinum Investor Survivor                  | 7,504     | (1,215)     | 6,289     |
| Platinum Investor Survivor II               | 350       | (154)       | 196       |
| VALIC Company I - Small Cap Index Fund      |           |             |           |
| Corporate America                           | 1,669     | (271)       | 1,398     |
| Platinum Investor I & II                    | 35,176    | (4,858)     | 30,318    |
| Platinum Investor III                       | 84,471    | (23,419)    | 61,052    |
| Platinum Investor PLUS                      | 7,613     | (1,030)     | 6,583     |
| Platinum Investor Survivor                  | 8,774     | (2,773)     | 6,001     |
| Platinum Investor Survivor II               | 1,118     | (466)       | 652       |
| VALIC Company I - Stock Index Fund          |           |             |           |
| AG Legacy Plus                              | 1,453     | (13,055)    | (11,602)  |
| Corporate America                           | 2,288     | (356)       | 1,932     |
| Platinum Investor I & II                    | 241,252   | (353,492)   | (112,240) |
| Platinum Investor III                       | 1,118,995 | (294,247)   | 824,748   |
| Platinum Investor PLUS                      | 45,208    | (4,939)     | 40,269    |
| Platinum Investor Survivor                  | 174,452   | (53,637)    | 120,815   |
| Platinum Investor Survivor II               | 113,720   | (22,458)    | 91,262    |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the Year Ended December 31, 2003.

<TABLE>

<CAPTION>

| Divisions  | Accumulation<br>Units Issued | Accumulation<br>Units Redeemed | Net Increase<br>(Decrease) |
|--|------------------------------|--------------------------------|----------------------------|
| <S>  | <C>                          | <C>                            | <C>                        |
| Van Kampen LIT Emerging Growth Portfolio - Class I   |                              |                                |                            |
| AG Legacy Plus                                       | 3,986                        | (10,885)                       | (6,899)                    |
| Van Kampen LIT Government Portfolio - Class I        |                              |                                |                            |
| AG Legacy Plus                                       | 5,096                        | (3,038)                        | 2,058                      |
| Van Kampen LIT Growth and Income Portfolio - Class I |                              |                                |                            |
| Platinum Investor I & II                             | 57,649                       | (33,657)                       | 23,992                     |
| Platinum Investor III                                | 105,186                      | (27,683)                       | 77,503                     |
| Platinum Investor PLUS                               | 9,332                        | (1,497)                        | 7,835                      |
| Platinum Investor Survivor                           | 2,602                        | (7,379)                        | (4,777)                    |
| Platinum Investor Survivor II                        | 4,472                        | (429)                          | 4,043                      |
| Vanguard VIF High Yield Bond Portfolio               |                              |                                |                            |
| Platinum Investor I & II                             | 34,333                       | (6,396)                        | 27,937                     |
| Platinum Investor III                                | 120,919                      | (27,695)                       | 93,224                     |
| Platinum Investor PLUS                               | 8,946                        | (1,634)                        | 7,312                      |
| Platinum Investor Survivor                           | 20,196                       | (7,959)                        | 12,237                     |
| Platinum Investor Survivor II                        | 2,427                        | (620)                          | 1,807                      |
| Vanguard VIF REIT Index Portfolio                    |                              |                                |                            |
| Corporate America                                    | 455                          | (1,097)                        | (642)                      |
| Platinum Investor I & II                             | 23,225                       | (14,530)                       | 8,695                      |

|                               |         |          |        |
|-------------------------------|---------|----------|--------|
| Platinum Investor III         | 112,032 | (30,244) | 81,788 |
| Platinum Investor PLUS        | 11,806  | (3,363)  | 8,443  |
| Platinum Investor Survivor    | 5,293   | (2,330)  | 2,963  |
| Platinum Investor Survivor II | 5,156   | (1,266)  | 3,890  |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

| Divisions  | Units   | Unit Value | Net Assets | Investment<br>Income<br>Ratio (a) | Expense<br>Ratio (b) | Total<br>Return (c) |
|--|---------|------------|------------|-----------------------------------|----------------------|---------------------|
| <S>  | <C>     | <C>        | <C>        | <C>                               | <C>                  | <C>                 |
| 2004   |         |            |            |                                   |                      |                     |
| AIM V.I. International Growth Fund - Series I              |         |            |            |                                   |                      |                     |
| AG Legacy Plus   | 24,949  | \$ 8.04    | \$ 200,562 | 0.74%                             | 0.75%                | 23.08%              |
| Corporate America  | 7,229   | 7.78       | 56,259     | 0.70%                             | 0.35%                | 23.57%              |
| Corporate America (reduced surrender charge)               | 679     | 11.67      | 7,918      | 0.70%                             | 0.65%                | 16.65%              |
| Platinum Investor I & II                                   | 322,093 | 11.13      | 3,583,368  | 0.64%                             | 0.75%                | 23.08%              |
| Platinum Investor III                                      | 303,164 | 9.34       | 2,832,247  | 0.86%                             | 0.70%                | 23.14%              |
| Platinum Investor PLUS                                     | 9,886   | 12.93      | 127,771    | 0.84%                             | 0.70%                | 23.14%              |
| Platinum Investor Survivor                                 | 67,704  | 7.77       | 526,286    | 0.75%                             | 0.40%                | 23.51%              |
| Platinum Investor Survivor II                              | 16,895  | 13.54      | 228,742    | 1.10%                             | 0.75%                | 23.08%              |
| AIM V.I. Premier Equity Fund - Series I                    |         |            |            |                                   |                      |                     |
| Corporate America  | 5,835   | 6.24       | 36,396     | 0.46%                             | 0.35%                | 5.40%               |
| Platinum Investor I & II                                   | 850,688 | 9.94       | 8,454,221  | 0.46%                             | 0.75%                | 4.98%               |
| Platinum Investor III                                      | 499,376 | 7.39       | 3,690,457  | 0.49%                             | 0.70%                | 5.03%               |
| Platinum Investor FlexDirector                             | 204     | 10.20      | 2,077      | 0.01%                             | 0.70%                | 1.98%               |
| Platinum Investor PLUS                                     | 16,704  | 10.72      | 179,141    | 0.59%                             | 0.70%                | 5.03%               |
| Platinum Investor Survivor                                 | 116,072 | 6.23       | 723,141    | 0.47%                             | 0.40%                | 5.35%               |
| Platinum Investor Survivor II                              | 7,228   | 9.24       | 66,822     | 0.59%                             | 0.75%                | 4.98%               |
| Alger American Leveraged AllCap Portfolio - Class O Shares |         |            |            |                                   |                      |                     |
| Platinum Investor I & II                                   | 98      | 12.94      | 1,274      | 0.00%                             | 0.75%                | 7.38%               |
| Platinum Investor III                                      | 32,709  | 12.95      | 423,493    | 0.00%                             | 0.70%                | 7.43%               |
| Platinum Investor PLUS                                     | 9,034   | 12.95      | 116,963    | 0.00%                             | 0.70%                | 7.43%               |
| Platinum Investor Survivor                                 | 150     | 13.01      | 1,949      | 0.00%                             | 0.40%                | 7.76%               |
| Platinum Investor Survivor II                              | 128     | 12.94      | 1,657      | 0.00%                             | 0.75%                | 7.38%               |
| Alger American MidCap Growth Portfolio - Class O Shares    |         |            |            |                                   |                      |                     |
| Platinum Investor I & II                                   | 8,879   | 15.23      | 135,202    | 0.00%                             | 0.75%                | 12.20%              |
| Platinum Investor III                                      | 44,400  | 15.24      | 676,660    | 0.00%                             | 0.70%                | 12.25%              |
| Platinum Investor FlexDirector                             | 5,687   | 10.64      | 60,491     | 0.00%                             | 0.70%                | 6.37%               |
| Platinum Investor PLUS                                     | 6,756   | 15.24      | 102,960    | 0.00%                             | 0.70%                | 12.25%              |
| Platinum Investor Survivor                                 | 245     | 15.32      | 3,755      | 0.00%                             | 0.40%                | 12.59%              |
| Platinum Investor Survivor II                              | 930     | 15.23      | 14,167     | 0.00%                             | 0.75%                | 12.20%              |
| American Century VP Value Fund - Class I                   |         |            |            |                                   |                      |                     |
| AG Legacy Plus   | 34,128  | 16.83      | 574,449    | 0.90%                             | 0.75%                | 13.48%              |
| Corporate America  | 2,990   | 15.46      | 46,225     | 1.19%                             | 0.35%                | 13.93%              |
| Platinum Investor I & II                                   | 232,577 | 15.21      | 3,536,470  | 0.95%                             | 0.75%                | 13.48%              |
| Platinum Investor III                                      | 526,802 | 15.12      | 7,963,343  | 0.86%                             | 0.70%                | 13.54%              |
| Platinum Investor FlexDirector                             | 31      | 10.82      | 339        | 0.00%                             | 0.70%                | 8.25%               |
| Platinum Investor PLUS                                     | 39,732  | 12.81      | 508,822    | 0.74%                             | 0.70%                | 13.54%              |
| Platinum Investor Survivor                                 | 32,550  | 15.43      | 502,214    | 0.97%                             | 0.40%                | 13.88%              |
| Platinum Investor Survivor II                              | 100,250 | 13.39      | 1,342,791  | 0.80%                             | 0.75%                | 13.48%              |
| Credit Suisse Small Cap Growth Portfolio                   |         |            |            |                                   |                      |                     |
| Platinum Investor I & II                                   | 70,710  | 8.18       | 578,349    | 0.00%                             | 0.75%                | 10.04%              |
| Platinum Investor III                                      | 139,946 | 8.01       | 1,121,164  | 0.00%                             | 0.70%                | 10.10%              |
| Platinum Investor FlexDirector                             | 4,723   | 10.13      | 47,865     | 0.00%                             | 0.70%                | 1.34%               |
| Platinum Investor PLUS                                     | 8,424   | 12.79      | 107,735    | 0.00%                             | 0.70%                | 10.10%              |
| Platinum Investor Survivor                                 | 2,799   | 8.30       | 23,229     | 0.00%                             | 0.40%                | 10.43%              |
| Platinum Investor Survivor II                              | 1,275   | 12.12      | 15,451     | 0.00%                             | 0.75%                | 10.04%              |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>  
<CAPTION>

| Divisions   | Units   | Unit Value | Net Assets | Investment<br>Income<br>Ratio (a) | Expense<br>Ratio (b) | Total<br>Return (c) |
|---|---------|------------|------------|-----------------------------------|----------------------|---------------------|
| <S>   | <C>     | <C>        | <C>        | <C>                               | <C>                  | <C>                 |
| 2004 - Continued  |         |            |            |                                   |                      |                     |
| Dreyfus IP MidCap Stock Portfolio - Initial shares        |         |            |            |                                   |                      |                     |
| Platinum Investor I & II                                  | 73,512  | \$12.16    | \$ 893,684 | 0.38%                             | 0.75%                | 13.62%              |
| Platinum Investor III                                     | 204,536 | 11.96      | 2,445,717  | 0.42%                             | 0.70%                | 13.68%              |
| Platinum Investor FlexDirector                            | 1       | 10.87      | 16         | 0.63%                             | 0.70%                | 8.66%               |
| Platinum Investor PLUS                                    | 16,660  | 12.56      | 209,222    | 0.45%                             | 0.70%                | 13.68%              |
| Platinum Investor Survivor                                | 17,825  | 12.34      | 219,877    | 0.38%                             | 0.40%                | 14.02%              |
| Platinum Investor Survivor II                             | 5,689   | 13.76      | 78,254     | 0.43%                             | 0.75%                | 13.62%              |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares |         |            |            |                                   |                      |                     |
| Corporate America   | 11,224  | 11.52      | 129,279    | 0.19%                             | 0.35%                | 10.95%              |
| Platinum Investor I & II                                  | 375,824 | 13.92      | 5,230,135  | 0.20%                             | 0.75%                | 10.51%              |
| Platinum Investor III                                     | 445,399 | 10.72      | 4,775,432  | 0.21%                             | 0.70%                | 10.56%              |
| Platinum Investor PLUS                                    | 27,075  | 11.57      | 313,377    | 0.25%                             | 0.70%                | 10.56%              |
| Platinum Investor Survivor                                | 63,847  | 11.50      | 734,526    | 0.21%                             | 0.40%                | 10.90%              |
| Platinum Investor Survivor II                             | 58,627  | 12.58      | 737,356    | 0.23%                             | 0.75%                | 10.51%              |
| Dreyfus VIF Quality Bond Portfolio - Initial shares       |         |            |            |                                   |                      |                     |
| Corporate America   | 6,905   | 13.36      | 92,230     | 4.03%                             | 0.35%                | 3.01%               |
| Platinum Investor I & II                                  | 311,327 | 13.33      | 4,150,241  | 4.03%                             | 0.75%                | 2.60%               |
| Platinum Investor III                                     | 253,777 | 12.63      | 3,204,132  | 4.15%                             | 0.70%                | 2.65%               |
| Platinum Investor PLUS                                    | 17,726  | 11.19      | 198,410    | 4.24%                             | 0.70%                | 2.65%               |
| Platinum Investor Survivor                                | 25,471  | 13.34      | 339,808    | 4.25%                             | 0.40%                | 2.96%               |
| Platinum Investor Survivor II                             | 7,145   | 11.24      | 80,289     | 4.21%                             | 0.75%                | 2.60%               |
| Fidelity VIP Asset Manager Portfolio - Service Class 2    |         |            |            |                                   |                      |                     |
| AG Legacy Plus  | 20,658  | 10.69      | 220,876    | 2.06%                             | 0.75%                | 4.39%               |
| Platinum Investor I & II                                  | 203,845 | 10.18      | 2,074,624  | 2.45%                             | 0.75%                | 4.39%               |
| Platinum Investor III                                     | 208,895 | 10.16      | 2,121,544  | 2.09%                             | 0.70%                | 4.44%               |
| Platinum Investor PLUS                                    | 17,720  | 11.61      | 205,736    | 1.51%                             | 0.70%                | 4.44%               |
| Platinum Investor Survivor                                | 9,381   | 10.33      | 96,879     | 2.46%                             | 0.40%                | 4.76%               |
| Platinum Investor Survivor II                             | 10,659  | 11.34      | 120,837    | 2.09%                             | 0.75%                | 4.39%               |
| Fidelity VIP Contrafund Portfolio - Service Class 2       |         |            |            |                                   |                      |                     |
| AG Legacy Plus  | 42,128  | 12.40      | 522,390    | 0.19%                             | 0.75%                | 14.30%              |
| Corporate America   | 3,812   | 11.05      | 42,136     | 0.23%                             | 0.35%                | 14.76%              |
| Platinum Investor I & II                                  | 379,667 | 10.87      | 4,127,445  | 0.18%                             | 0.75%                | 14.30%              |
| Platinum Investor III                                     | 906,499 | 10.73      | 9,726,130  | 0.18%                             | 0.70%                | 14.36%              |
| Platinum Investor FlexDirector                            | 321     | 10.95      | 3,516      | 0.00%                             | 0.70%                | 9.52%               |
| Platinum Investor PLUS                                    | 71,987  | 12.84      | 924,266    | 0.13%                             | 0.70%                | 14.36%              |
| Platinum Investor Survivor                                | 76,772  | 11.03      | 846,864    | 0.16%                             | 0.40%                | 14.70%              |
| Platinum Investor Survivor II                             | 31,607  | 13.54      | 427,829    | 0.10%                             | 0.75%                | 14.30%              |
| Fidelity VIP Equity-Income Portfolio - Service Class 2    |         |            |            |                                   |                      |                     |
| AG Legacy Plus  | 63,754  | 11.02      | 702,770    | 1.29%                             | 0.75%                | 10.40%              |
| Corporate America   | 19,433  | 11.33      | 220,183    | 1.33%                             | 0.35%                | 10.84%              |
| Corporate America (reduced surrender charge)              | 714     | 10.81      | 7,720      | 1.33%                             | 0.65%                | 8.09%               |
| Platinum Investor I & II                                  | 370,900 | 11.14      | 4,133,032  | 1.26%                             | 0.75%                | 10.40%              |
| Platinum Investor III                                     | 877,982 | 11.16      | 9,797,110  | 1.24%                             | 0.70%                | 10.46%              |
| Platinum Investor FlexDirector                            | 620     | 10.62      | 6,583      | 0.00%                             | 0.70%                | 6.24%               |
| Platinum Investor PLUS                                    | 53,918  | 12.02      | 647,840    | 1.03%                             | 0.70%                | 10.46%              |
| Platinum Investor Survivor                                | 107,323 | 11.31      | 1,213,488  | 1.21%                             | 0.40%                | 10.79%              |
| Platinum Investor Survivor II                             | 49,011  | 12.19      | 597,443    | 1.07%                             | 0.75%                | 10.40%              |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>  
<CAPTION>

| Divisions | Units | Unit Value | Net Assets | Investment<br>Income<br>Ratio (a) | Expense<br>Ratio (b) | Total<br>Return (c) |
|-----------|-------|------------|------------|-----------------------------------|----------------------|---------------------|
| -----     |       |            |            |                                   |                      |                     |

| <S>   | <C>       | <C>     | <C>        | <C>   | <C>   | <C>    |
|---|-----------|---------|------------|-------|-------|--------|
| 2004 - Continued  |           |         |            |       |       |        |
| Fidelity VIP Growth Portfolio - Service Class 2                         |           |         |            |       |       |        |
| AG Legacy Plus  | 28,730    | \$ 8.12 | \$ 233,262 | 0.12% | 0.75% | 2.35%  |
| Corporate America   | 5,424     | 6.91    | 37,464     | 0.13% | 0.35% | 2.76%  |
| Corporate America (reduced surrender charge)                            | 253       | 10.71   | 2,709      | 0.13% | 0.65% | 7.06%  |
| Platinum Investor I & II  | 345,944   | 6.79    | 2,349,941  | 0.13% | 0.75% | 2.35%  |
| Platinum Investor III   | 1,039,582 | 6.73    | 6,997,775  | 0.12% | 0.70% | 2.40%  |
| Platinum Investor FlexDirector  | 7,404     | 9.75    | 72,173     | 0.00% | 0.70% | -2.52% |
| Platinum Investor PLUS  | 82,830    | 10.83   | 897,299    | 0.08% | 0.70% | 2.40%  |
| Platinum Investor Survivor  | 76,126    | 6.89    | 524,713    | 0.12% | 0.40% | 2.71%  |
| Platinum Investor Survivor II   | 38,957    | 9.63    | 375,246    | 0.12% | 0.75% | 2.35%  |
| Fidelity VIP Mid Cap Portfolio - Service Class 2                        |           |         |            |       |       |        |
| Platinum Investor I & II  | 16,744    | 17.32   | 289,966    | 0.00% | 0.75% | 23.73% |
| Platinum Investor III   | 38,471    | 17.33   | 666,778    | 0.00% | 0.70% | 23.79% |
| Platinum Investor FlexDirector  | 288       | 11.59   | 3,338      | 0.00% | 0.70% | 15.86% |
| Platinum Investor PLUS  | 6,345     | 17.33   | 109,964    | 0.00% | 0.70% | 23.79% |
| Platinum Investor Survivor  | 1,816     | 17.42   | 31,630     | 0.00% | 0.40% | 24.16% |
| Platinum Investor Survivor II   | 989       | 17.32   | 17,124     | 0.00% | 0.75% | 23.73% |
| Franklin Templeton - Franklin Small Cap Fund - Class 2                  |           |         |            |       |       |        |
| AG Legacy Plus  | 22,445    | 7.01    | 157,376    | 0.00% | 0.75% | 10.64% |
| Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2 |           |         |            |       |       |        |
| Corporate America (reduced surrender charge)                            | 463       | 11.29   | 5,231      | 0.00% | 0.65% | 12.87% |
| Platinum Investor I & II  | 12,505    | 16.30   | 203,817    | 0.24% | 0.75% | 22.82% |
| Platinum Investor III   | 40,911    | 16.31   | 667,374    | 0.17% | 0.70% | 22.88% |
| Platinum Investor FlexDirector  | 175       | 11.66   | 2,046      | 0.00% | 0.70% | 16.59% |
| Platinum Investor PLUS  | 12,431    | 16.31   | 202,794    | 0.12% | 0.70% | 22.88% |
| Platinum Investor Survivor  | 5,233     | 16.39   | 85,788     | 0.09% | 0.40% | 23.25% |
| Platinum Investor Survivor II   | 502       | 16.30   | 8,175      | 0.18% | 0.75% | 22.82% |
| Franklin Templeton - Franklin U.S. Government Fund - Class 2            |           |         |            |       |       |        |
| Platinum Investor I & II  | 16,861    | 11.39   | 191,999    | 3.63% | 0.75% | 2.70%  |
| Platinum Investor III   | 945,822   | 11.40   | 10,786,424 | 5.06% | 0.70% | 2.75%  |
| Platinum Investor PLUS  | 38,284    | 11.03   | 422,331    | 5.20% | 0.70% | 2.75%  |
| Platinum Investor Survivor  | 633       | 11.51   | 7,288      | 0.00% | 0.40% | 3.06%  |
| Platinum Investor Survivor II   | 5,867     | 11.39   | 66,809     | 4.55% | 0.75% | 2.70%  |
| Franklin Templeton - Mutual Shares Securities Fund - Class 2            |           |         |            |       |       |        |
| Platinum Investor I & II  | 54,608    | 12.16   | 664,214    | 0.92% | 0.75% | 11.79% |
| Platinum Investor III   | 539,268   | 12.18   | 6,569,138  | 0.74% | 0.70% | 11.85% |
| Platinum Investor FlexDirector  | 312       | 10.73   | 3,345      | 0.00% | 0.70% | 7.29%  |
| Platinum Investor PLUS  | 19,639    | 11.98   | 235,235    | 0.70% | 0.70% | 11.85% |
| Platinum Investor Survivor  | 1,777     | 12.29   | 21,841     | 0.87% | 0.40% | 12.18% |
| Platinum Investor Survivor II   | 18,978    | 12.16   | 230,842    | 0.74% | 0.75% | 11.79% |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2        |           |         |            |       |       |        |
| AG Legacy Plus  | 18,777    | 9.92    | 186,284    | 1.11% | 0.75% | 17.64% |
| Platinum Investor I & II  | 123,981   | 12.42   | 1,539,261  | 1.04% | 0.75% | 17.64% |
| Platinum Investor III   | 685,074   | 12.43   | 8,518,121  | 1.00% | 0.70% | 17.70% |
| Platinum Investor FlexDirector  | 437       | 11.10   | 4,852      | 0.00% | 0.70% | 11.04% |
| Platinum Investor PLUS  | 14,282    | 12.02   | 171,694    | 0.97% | 0.70% | 17.70% |
| Platinum Investor Survivor  | 19,552    | 12.55   | 245,299    | 0.68% | 0.40% | 18.06% |
| Platinum Investor Survivor II   | 48,400    | 12.42   | 600,897    | 0.90% | 0.75% | 17.64% |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

| <TABLE>                           | <CAPTION> |            |            |                             |                   |                  |
|-----------------------------------|-----------|------------|------------|-----------------------------|-------------------|------------------|
| Divisions                         | Units     | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
| <S>                               | <C>       | <C>        | <C>        | <C>                         | <C>               | <C>              |
| 2004 - Continued                  |           |            |            |                             |                   |                  |
| Goldman Sachs Capital Growth Fund |           |            |            |                             |                   |                  |
| Platinum Investor I & II          | 13,994    | \$ 9.26    | \$ 129,523 | 0.69%                       | 0.75%             | 8.27%            |
| Platinum Investor III             | 14,378    | 9.27       | 133,348    | 0.67%                       | 0.70%             | 8.33%            |
| Platinum Investor PLUS            | 113       | 11.33      | 1,284      | 0.70%                       | 0.70%             | 8.33%            |
| Platinum Investor Survivor        | 703,774   | 9.39       | 6,607,533  | 0.69%                       | 0.40%             | 8.65%            |
| Platinum Investor Survivor II     | 185,421   | 9.83       | 1,823,417  | 0.68%                       | 0.75%             | 8.27%            |

| Janus Aspen Series International Growth Portfolio - Service Shares |         |       |           |       |       |        |
|--|---------|-------|-----------|-------|-------|--------|
| Corporate America  | 3,189   | 8.02  | 25,585    | 0.82% | 0.35% | 18.27% |
| Platinum Investor I & II   | 115,724 | 7.89  | 913,122   | 0.96% | 0.75% | 17.80% |
| Platinum Investor III  | 229,457 | 7.84  | 1,798,205 | 0.86% | 0.70% | 17.86% |
| Platinum Investor FlexDirector                                     | 12,784  | 10.87 | 139,004   | 0.67% | 0.70% | 8.73%  |
| Platinum Investor PLUS   | 7,613   | 12.56 | 95,613    | 0.87% | 0.70% | 17.86% |
| Platinum Investor Survivor   | 31,781  | 8.01  | 254,455   | 0.78% | 0.40% | 18.21% |
| Platinum Investor Survivor II                                      | 4,427   | 12.40 | 54,914    | 0.83% | 0.75% | 17.80% |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares       |         |       |           |       |       |        |
| Corporate America  | 486     | 5.40  | 2,624     | 0.00% | 0.35% | 20.05% |
| Platinum Investor I & II   | 52,125  | 5.31  | 276,772   | 0.00% | 0.75% | 19.58% |
| Platinum Investor III  | 402,410 | 5.18  | 2,084,632 | 0.00% | 0.70% | 19.63% |
| Platinum Investor PLUS   | 8,596   | 13.54 | 116,353   | 0.00% | 0.70% | 19.63% |
| Platinum Investor Survivor   | 26,338  | 5.39  | 141,904   | 0.00% | 0.40% | 19.99% |
| Platinum Investor Survivor II                                      | 1,788   | 12.08 | 21,605    | 0.00% | 0.75% | 19.58% |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares     |         |       |           |       |       |        |
| Corporate America  | 9,360   | 6.60  | 61,819    | 0.90% | 0.35% | 4.16%  |
| Platinum Investor I & II   | 125,130 | 6.50  | 812,781   | 0.89% | 0.75% | 3.75%  |
| Platinum Investor III  | 367,344 | 6.44  | 2,365,764 | 0.94% | 0.70% | 3.80%  |
| Platinum Investor PLUS   | 12,476  | 10.28 | 128,308   | 1.00% | 0.70% | 3.80%  |
| Platinum Investor Survivor   | 37,089  | 6.59  | 244,452   | 0.87% | 0.40% | 4.11%  |
| Platinum Investor Survivor II                                      | 41,215  | 9.85  | 405,949   | 0.92% | 0.75% | 3.75%  |
| JPMorgan Mid Cap Value Portfolio                                   |         |       |           |       |       |        |
| Platinum Investor I & II   | 1,976   | 14.86 | 29,370    | 0.28% | 0.75% | 20.15% |
| Platinum Investor III  | 27,069  | 14.87 | 402,580   | 0.21% | 0.70% | 20.22% |
| Platinum Investor PLUS   | 4,533   | 14.87 | 67,410    | 0.07% | 0.70% | 20.22% |
| Platinum Investor Survivor   | 207     | 14.95 | 3,088     | 0.00% | 0.40% | 20.58% |
| Platinum Investor Survivor II                                      | 485     | 14.86 | 7,201     | 0.24% | 0.75% | 20.15% |
| JPMorgan Small Company Portfolio                                   |         |       |           |       |       |        |
| Platinum Investor I & II   | 40,867  | 11.41 | 466,324   | 0.00% | 0.75% | 26.22% |
| Platinum Investor III  | 104,066 | 11.23 | 1,168,558 | 0.00% | 0.70% | 26.28% |
| Platinum Investor PLUS   | 5,929   | 13.98 | 82,890    | 0.00% | 0.70% | 26.28% |
| Platinum Investor Survivor   | 1,835   | 11.58 | 21,241    | 0.00% | 0.40% | 26.66% |
| Platinum Investor Survivor II                                      | 3,146   | 14.66 | 46,129    | 0.00% | 0.75% | 26.22% |
| MFS VIT Capital Opportunities Series - Initial Class               |         |       |           |       |       |        |
| Corporate America  | --      | 6.79  | --        | 0.72% | 0.35% | 12.07% |
| Platinum Investor I & II   | 113,938 | 6.67  | 760,376   | 0.35% | 0.75% | 11.62% |
| Platinum Investor III  | 415,444 | 6.74  | 2,798,020 | 0.33% | 0.70% | 11.68% |
| Platinum Investor FlexDirector                                     | 173     | 10.58 | 1,832     | 0.00% | 0.70% | 5.78%  |
| Platinum Investor PLUS   | 33,139  | 11.34 | 375,934   | 0.28% | 0.70% | 11.68% |
| Platinum Investor Survivor   | 36,766  | 6.77  | 248,968   | 0.32% | 0.40% | 12.01% |
| Platinum Investor Survivor II                                      | 3,156   | 10.33 | 32,620    | 0.39% | 0.75% | 11.62% |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

| Divisions                                      | Units     | Unit Value | Net Assets | Investment<br>Income<br>Ratio (a) | Expense<br>Ratio (b) | Total<br>Return (c) |
|--|-----------|------------|------------|-----------------------------------|----------------------|---------------------|
| <S>  | <C>       | <C>        | <C>        | <C>                               | <C>                  | <C>                 |
| 2004 - Continued                               |           |            |            |                                   |                      |                     |
| MFS VIT Emerging Growth Series - Initial Class |           |            |            |                                   |                      |                     |
| AG Legacy Plus                                 | 9,619     | \$10.72    | \$ 103,163 | 0.00%                             | 0.75%                | 12.12%              |
| Corporate America                              | 1,040     | 4.95       | 5,148      | 0.00%                             | 0.35%                | 12.56%              |
| Corporate America (reduced surrender charge)   | 920       | 11.38      | 10,472     | 0.00%                             | 0.65%                | 13.78%              |
| Platinum Investor I & II                       | 706,671   | 10.44      | 7,378,706  | 0.00%                             | 0.75%                | 12.12%              |
| Platinum Investor III                          | 1,024,961 | 5.53       | 5,666,609  | 0.00%                             | 0.70%                | 12.17%              |
| Platinum Investor FlexDirector                 | 197       | 10.52      | 2,070      | 0.00%                             | 0.70%                | 5.25%               |
| Platinum Investor PLUS                         | 29,670    | 11.64      | 345,413    | 0.00%                             | 0.70%                | 12.17%              |
| Platinum Investor Survivor                     | 168,768   | 4.94       | 834,232    | 0.00%                             | 0.40%                | 12.51%              |
| Platinum Investor Survivor II                  | 32,210    | 10.01      | 322,533    | 0.00%                             | 0.75%                | 12.12%              |
| MFS VIT New Discovery Series - Initial Class   |           |            |            |                                   |                      |                     |
| AG Legacy Plus                                 | 16,207    | 7.83       | 126,844    | 0.00%                             | 0.75%                | 5.72%               |
| Corporate America                              | 2,716     | 8.52       | 23,152     | 0.00%                             | 0.35%                | 6.15%               |
| Platinum Investor I & II                       | 88,892    | 8.38       | 745,230    | 0.00%                             | 0.75%                | 5.72%               |
| Platinum Investor III                          | 266,177   | 8.21       | 2,185,903  | 0.00%                             | 0.70%                | 5.78%               |

|   |         |       |           |       |       |        |
|---|---------|-------|-----------|-------|-------|--------|
| Platinum Investor FlexDirector                          | 256     | 9.96  | 2,551     | 0.00% | 0.70% | -0.45% |
| Platinum Investor PLUS                                  | 16,920  | 11.16 | 188,768   | 0.00% | 0.70% | 5.78%  |
| Platinum Investor Survivor                              | 10,480  | 8.51  | 89,153    | 0.00% | 0.40% | 6.09%  |
| Platinum Investor Survivor II                           | 8,483   | 10.75 | 91,201    | 0.00% | 0.75% | 5.72%  |
| MFS VIT Research Series - Initial Class                 |         |       |           |       |       |        |
| Corporate America                                       | 3,158   | 7.62  | 24,069    | 1.02% | 0.35% | 15.45% |
| Platinum Investor I & II                                | 48,222  | 7.50  | 361,482   | 1.09% | 0.75% | 14.98% |
| Platinum Investor III                                   | 159,378 | 7.47  | 1,190,107 | 0.98% | 0.70% | 15.04% |
| Platinum Investor FlexDirector                          | 106     | 10.76 | 1,145     | 0.00% | 0.70% | 7.60%  |
| Platinum Investor PLUS                                  | 6,148   | 11.80 | 72,553    | 0.87% | 0.70% | 15.04% |
| Platinum Investor Survivor                              | 9,692   | 7.61  | 73,719    | 1.08% | 0.40% | 15.39% |
| Platinum Investor Survivor II                           | 5,340   | 10.99 | 58,713    | 0.86% | 0.75% | 14.98% |
| MFS VIT Total Return Series - Initial Class             |         |       |           |       |       |        |
| AG Legacy Plus  | 146,574 | 6.23  | 912,934   | 1.62% | 0.75% | 10.49% |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I |         |       |           |       |       |        |
| Corporate America                                       | 1,789   | 6.50  | 11,630    | 0.00% | 0.35% | 15.90% |
| Corporate America (reduced surrender charge)            | 233     | 11.35 | 2,641     | 0.00% | 0.65% | 13.51% |
| Platinum Investor I & II                                | 59,627  | 6.39  | 381,211   | 0.00% | 0.75% | 15.44% |
| Platinum Investor III                                   | 288,190 | 6.29  | 1,811,647 | 0.00% | 0.70% | 15.50% |
| Platinum Investor FlexDirector                          | 166     | 11.06 | 1,834     | 0.00% | 0.70% | 10.58% |
| Platinum Investor PLUS                                  | 28,648  | 11.72 | 335,784   | 0.00% | 0.70% | 15.50% |
| Platinum Investor Survivor                              | 27,565  | 6.49  | 178,820   | 0.00% | 0.40% | 15.84% |
| Platinum Investor Survivor II                           | 7,849   | 10.76 | 84,431    | 0.00% | 0.75% | 15.44% |
| Neuberger Berman AMT Partners Portfolio - Class I       |         |       |           |       |       |        |
| AG Legacy Plus  | 12,141  | 11.34 | 137,643   | 0.01% | 0.75% | 18.09% |
| Oppenheimer Balanced Fund/VA - Non-Service Shares**     |         |       |           |       |       |        |
| Platinum Investor I & II                                | 2,395   | 12.98 | 31,076    | 1.98% | 0.75% | 9.28%  |
| Platinum Investor III                                   | 29,690  | 12.99 | 385,585   | 0.45% | 0.70% | 9.33%  |
| Platinum Investor PLUS                                  | 14,439  | 12.99 | 187,517   | 1.68% | 0.70% | 9.33%  |
| Platinum Investor Survivor                              | 433     | 13.05 | 5,656     | 0.99% | 0.40% | 9.66%  |
| Platinum Investor Survivor II                           | 3,870   | 12.98 | 50,218    | 0.90% | 0.75% | 9.28%  |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

| Divisions  | Units   | Unit Value | Net Assets | Investment<br>Income<br>Ratio (a) | Expense<br>Ratio (b) | Total<br>Return (c) |
|--|---------|------------|------------|-----------------------------------|----------------------|---------------------|
| <S>  | <C>     | <C>        | <C>        | <C>                               | <C>                  | <C>                 |
| 2004 - Continued   |         |            |            |                                   |                      |                     |
| Oppenheimer Global Securities Fund/VA - Non-Service Shares |         |            |            |                                   |                      |                     |
| Platinum Investor I & II                                   | 4,798   | \$16.82    | \$ 80,687  | 0.83%                             | 0.75%                | 18.27%              |
| Platinum Investor III                                      | 51,328  | 16.83      | 863,930    | 0.82%                             | 0.70%                | 18.33%              |
| Platinum Investor FlexDirector                             | 2       | 11.17      | 24         | 0.00%                             | 0.70%                | 11.74%              |
| Platinum Investor PLUS                                     | 5,613   | 16.83      | 94,470     | 0.18%                             | 0.70%                | 18.33%              |
| Platinum Investor Survivor                                 | 2,375   | 16.92      | 40,174     | 1.20%                             | 0.40%                | 18.69%              |
| Platinum Investor Survivor II                              | 378     | 16.82      | 6,364      | 1.49%                             | 0.75%                | 18.27%              |
| Oppenheimer High Income Fund/VA - Non-Service Shares       |         |            |            |                                   |                      |                     |
| AG Legacy Plus   | 8,004   | 12.51      | 100,163    | 6.11%                             | 0.75%                | 8.15%               |
| PIMCO VIT Real Return Portfolio - Administrative Class     |         |            |            |                                   |                      |                     |
| AG Legacy Plus   | 47,824  | 14.00      | 669,702    | 0.99%                             | 0.75%                | 8.11%               |
| Corporate America  | 2,327   | 15.51      | 36,096     | 0.91%                             | 0.35%                | 8.54%               |
| Corporate America (reduced surrender charge)               | 753     | 10.31      | 7,759      | 0.91%                             | 0.65%                | 3.11%               |
| Platinum Investor I & II                                   | 119,851 | 15.25      | 1,828,190  | 0.99%                             | 0.75%                | 8.11%               |
| Platinum Investor III                                      | 561,931 | 15.32      | 8,607,213  | 1.05%                             | 0.70%                | 8.16%               |
| Platinum Investor FlexDirector                             | 298     | 10.38      | 3,095      | 1.06%                             | 0.70%                | 3.79%               |
| Platinum Investor PLUS                                     | 30,515  | 12.93      | 394,609    | 1.02%                             | 0.70%                | 8.16%               |
| Platinum Investor Survivor                                 | 65,768  | 15.48      | 1,017,948  | 0.99%                             | 0.40%                | 8.48%               |
| Platinum Investor Survivor II                              | 36,406  | 13.10      | 477,063    | 0.96%                             | 0.75%                | 8.11%               |
| PIMCO VIT Short-Term Portfolio - Administrative Class      |         |            |            |                                   |                      |                     |
| Corporate America  | 21,965  | 11.30      | 248,233    | 1.37%                             | 0.35%                | 0.95%               |
| Platinum Investor I & II                                   | 220,025 | 11.11      | 2,445,451  | 1.30%                             | 0.75%                | 0.54%               |
| Platinum Investor III                                      | 210,849 | 11.13      | 2,346,366  | 1.34%                             | 0.70%                | 0.60%               |
| Platinum Investor FlexDirector                             | 4,059   | 10.04      | 40,769     | 1.29%                             | 0.70%                | 0.44%               |
| Platinum Investor PLUS                                     | 14,162  | 10.36      | 146,681    | 1.31%                             | 0.70%                | 0.60%               |
| Platinum Investor Survivor                                 | 40,126  | 11.28      | 452,530    | 1.70%                             | 0.40%                | 0.90%               |
| Platinum Investor Survivor II                              | 30,365  | 10.45      | 317,371    | 1.25%                             | 0.75%                | 0.54%               |
| PIMCO VIT Total Return Portfolio - Administrative Class    |         |            |            |                                   |                      |                     |

|  |         |       |           |       |       |       |
|--|---------|-------|-----------|-------|-------|-------|
| AG Legacy Plus                                       | 38,594  | 12.43 | 479,631   | 1.93% | 0.75% | 4.11% |
| Corporate America                                    | 8,965   | 13.24 | 118,722   | 1.93% | 0.35% | 4.53% |
| Platinum Investor I & II                             | 248,730 | 13.02 | 3,239,319 | 1.90% | 0.75% | 4.11% |
| Platinum Investor III                                | 468,339 | 13.09 | 6,132,293 | 1.91% | 0.70% | 4.16% |
| Platinum Investor FlexDirector                       | 6,295   | 10.24 | 64,463    | 1.65% | 0.70% | 2.40% |
| Platinum Investor PLUS                               | 47,130  | 11.41 | 537,919   | 1.83% | 0.70% | 4.16% |
| Platinum Investor Survivor                           | 46,766  | 13.21 | 617,992   | 1.77% | 0.40% | 4.47% |
| Platinum Investor Survivor II                        | 58,228  | 11.52 | 670,760   | 1.81% | 0.75% | 4.11% |
| Pioneer Fund VCT Portfolio - Class I                 |         |       |           |       |       |       |
| Platinum Investor I & II                             | 242,349 | 10.22 | 2,476,631 | 0.00% | 0.75% | 2.19% |
| Platinum Investor III                                | 55,443  | 10.22 | 566,601   | 0.00% | 0.70% | 2.20% |
| Platinum Investor PLUS                               | 998     | 10.22 | 10,195    | 0.00% | 0.70% | 2.20% |
| Platinum Investor Survivor                           | 28,172  | 10.22 | 287,951   | 0.00% | 0.40% | 2.21% |
| Platinum Investor Survivor II                        | 388     | 10.22 | 3,963     | 0.00% | 0.75% | 2.19% |
| Pioneer Growth Opportunities VCT Portfolio - Class I |         |       |           |       |       |       |
| Corporate America                                    | 3,474   | 10.28 | 35,720    | 0.00% | 0.35% | 2.83% |
| Platinum Investor I & II                             | 347,832 | 10.28 | 3,576,078 | 0.00% | 0.75% | 2.81% |
| Platinum Investor III                                | 137,933 | 10.28 | 1,418,142 | 0.00% | 0.70% | 2.81% |
| Platinum Investor PLUS                               | 4,979   | 10.28 | 51,195    | 0.00% | 0.70% | 2.81% |
| Platinum Investor Survivor                           | 14,319  | 10.28 | 147,243   | 0.00% | 0.40% | 2.83% |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

| Divisions  | Units   | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|--|---------|------------|------------|-----------------------------|-------------------|------------------|
| <S>  | <C>     | <C>        | <C>        | <C>                         | <C>               | <C>              |
| 2004 - Continued   |         |            |            |                             |                   |                  |
| Pioneer Growth Opportunities VCT Portfolio - Class I - Continued |         |            |            |                             |                   |                  |
| Platinum Investor Survivor II                                    | 39,326  | \$10.28    | \$ 404,315 | 0.00%                       | 0.75%             | 2.81%            |
| Putnam VT Diversified Income Fund - Class IB                     |         |            |            |                             |                   |                  |
| AG Legacy Plus   | 12,958  | 13.72      | 177,740    | 8.10%                       | 0.75%             | 8.39%            |
| Corporate America  | 396,103 | 14.01      | 5,549,288  | 8.00%                       | 0.35%             | 8.82%            |
| Platinum Investor I & II   | 60,463  | 13.25      | 801,033    | 8.55%                       | 0.75%             | 8.39%            |
| Platinum Investor III  | 62,541  | 14.19      | 887,670    | 8.73%                       | 0.70%             | 8.44%            |
| Platinum Investor FlexDirector                                   | 65      | 10.63      | 689        | 0.00%                       | 0.70%             | 6.27%            |
| Platinum Investor PLUS   | 6,150   | 13.15      | 80,902     | 7.70%                       | 0.70%             | 8.44%            |
| Platinum Investor Survivor                                       | 1,282   | 13.99      | 17,943     | 4.60%                       | 0.40%             | 8.77%            |
| Platinum Investor Survivor II                                    | 1,337   | 13.51      | 18,073     | 11.52%                      | 0.75%             | 8.39%            |
| Putnam VT Growth and Income Fund - Class IB                      |         |            |            |                             |                   |                  |
| Corporate America  | 499,841 | 11.25      | 5,623,805  | 1.35%                       | 0.35%             | 10.72%           |
| Platinum Investor I & II   | 491,902 | 11.66      | 5,734,037  | 1.53%                       | 0.75%             | 10.28%           |
| Platinum Investor III  | 524,351 | 10.53      | 5,520,350  | 1.50%                       | 0.70%             | 10.34%           |
| Platinum Investor FlexDirector                                   | 9,148   | 10.55      | 96,528     | 0.00%                       | 0.70%             | 5.52%            |
| Platinum Investor PLUS   | 26,657  | 11.78      | 314,093    | 1.26%                       | 0.70%             | 10.34%           |
| Platinum Investor Survivor                                       | 66,114  | 11.24      | 743,001    | 1.40%                       | 0.40%             | 10.67%           |
| Platinum Investor Survivor II                                    | 4,481   | 11.56      | 51,804     | 1.48%                       | 0.75%             | 10.28%           |
| Putnam VT International Growth and Income Fund - Class IB        |         |            |            |                             |                   |                  |
| Corporate America  | 2,293   | 11.09      | 25,426     | 0.85%                       | 0.35%             | 20.56%           |
| Platinum Investor I & II   | 204,673 | 12.88      | 2,635,270  | 1.20%                       | 0.75%             | 20.08%           |
| Platinum Investor III  | 191,264 | 11.40      | 2,179,999  | 1.28%                       | 0.70%             | 20.14%           |
| Platinum Investor FlexDirector                                   | 112     | 11.31      | 1,269      | 0.00%                       | 0.70%             | 13.08%           |
| Platinum Investor PLUS   | 8,737   | 13.39      | 117,028    | 0.86%                       | 0.70%             | 20.14%           |
| Platinum Investor Survivor                                       | 37,612  | 11.07      | 416,520    | 1.18%                       | 0.40%             | 20.50%           |
| Platinum Investor Survivor II                                    | 7,551   | 14.56      | 109,912    | 1.49%                       | 0.75%             | 20.08%           |
| Putnam VT Small Cap Value Fund - Class IB                        |         |            |            |                             |                   |                  |
| AG Legacy Plus   | 25,092  | 19.81      | 497,060    | 0.34%                       | 0.75%             | 25.27%           |
| Putnam VT Vista Fund - Class IB                                  |         |            |            |                             |                   |                  |
| AG Legacy Plus   | 15,137  | 5.56       | 84,219     | 0.00%                       | 0.75%             | 17.72%           |
| Putnam VT Voyager Fund - Class IB                                |         |            |            |                             |                   |                  |
| AG Legacy Plus   | 57,401  | 5.76       | 330,363    | 0.24%                       | 0.75%             | 4.25%            |
| Safeco RST Core Equity Portfolio                                 |         |            |            |                             |                   |                  |
| Platinum Investor I & II   | --      | 9.17       | --         | 2.18%                       | 0.75%             | 4.59%            |
| Platinum Investor III  | --      | 8.00       | --         | 2.43%                       | 0.70%             | 4.64%            |
| Platinum Investor PLUS   | --      | 10.96      | --         | 2.43%                       | 0.70%             | 4.64%            |

|  |    |       |    |       |       |        |
|--|----|-------|----|-------|-------|--------|
| Platinum Investor Survivor                   | -- | 7.68  | -- | 2.59% | 0.40% | 4.94%  |
| Platinum Investor Survivor II                | -- | 9.67  | -- | 4.87% | 0.75% | 4.59%  |
| Safeco RST Growth Opportunities Portfolio    |    |       |    |       |       |        |
| Corporate America                            | -- | 10.51 | -- | 0.00% | 0.35% | 18.54% |
| Platinum Investor I & II                     | -- | 10.26 | -- | 0.00% | 0.75% | 18.09% |
| Platinum Investor III                        | -- | 10.98 | -- | 0.00% | 0.70% | 18.15% |
| Platinum Investor PLUS                       | -- | 11.86 | -- | 0.00% | 0.70% | 18.15% |
| Platinum Investor Survivor                   | -- | 10.50 | -- | 0.00% | 0.40% | 18.48% |
| Platinum Investor Survivor II                | -- | 12.30 | -- | 0.00% | 0.75% | 18.09% |
| Scudder VIT EAFE Equity Index Fund - Class A |    |       |    |       |       |        |
| Legacy Plus                                  | -- | 9.81  | -- | 0.00% | 0.75% | 18.18% |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

| Divisions  | Units   | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|--|---------|------------|------------|-----------------------------|-------------------|------------------|
| <S>  | <C>     | <C>        | <C>        | <C>                         | <C>               | <C>              |
| 2004 - Continued                                     |         |            |            |                             |                   |                  |
| Scudder VIT Equity 500 Index Fund - Class A          |         |            |            |                             |                   |                  |
| Legacy Plus  | 1,857   | \$10.15    | \$ 18,849  | 1.05%                       | 0.75%             | 9.77%            |
| SunAmerica - Aggressive Growth Portfolio - Class 1   |         |            |            |                             |                   |                  |
| Platinum Investor I & II                             | 7,269   | 11.57      | 84,137     | 0.00%                       | 0.75%             | 15.91%           |
| Platinum Investor III                                | 29,137  | 11.59      | 337,687    | 0.00%                       | 0.70%             | 15.97%           |
| Platinum Investor PLUS                               | 6,198   | 12.31      | 76,281     | 0.00%                       | 0.70%             | 15.97%           |
| Platinum Investor Survivor                           | 1,019   | 11.68      | 11,899     | 0.00%                       | 0.40%             | 16.32%           |
| Platinum Investor Survivor II                        | 448     | 11.57      | 5,190      | 0.00%                       | 0.75%             | 15.91%           |
| SunAmerica - SunAmerica Balanced Portfolio - Class 1 |         |            |            |                             |                   |                  |
| Platinum Investor I & II                             | 247     | 10.72      | 2,648      | 1.65%                       | 0.75%             | 5.98%            |
| Platinum Investor III                                | 52,736  | 10.73      | 565,994    | 1.80%                       | 0.70%             | 6.03%            |
| Platinum Investor PLUS                               | 13,740  | 11.07      | 152,117    | 1.70%                       | 0.70%             | 6.03%            |
| Platinum Investor Survivor II                        | 1,250   | 10.72      | 13,403     | 1.57%                       | 0.75%             | 5.98%            |
| UIF Equity Growth Portfolio - Class I                |         |            |            |                             |                   |                  |
| Platinum Investor I & II                             | 288,941 | 10.27      | 2,966,331  | 0.17%                       | 0.75%             | 6.97%            |
| Platinum Investor III                                | 79,302  | 6.89       | 546,540    | 0.18%                       | 0.70%             | 7.02%            |
| Platinum Investor PLUS                               | 4,155   | 10.98      | 45,596     | 0.19%                       | 0.70%             | 7.02%            |
| Platinum Investor Survivor                           | 23,521  | 6.57       | 154,598    | 0.17%                       | 0.40%             | 7.34%            |
| Platinum Investor Survivor II                        | 219     | 9.69       | 2,122      | 0.12%                       | 0.75%             | 6.97%            |
| UIF High Yield Portfolio - Class I                   |         |            |            |                             |                   |                  |
| Platinum Investor I & II                             | 93,804  | 11.14      | 1,044,759  | 5.86%                       | 0.75%             | 8.67%            |
| Platinum Investor III                                | 28,634  | 11.55      | 330,711    | 6.14%                       | 0.70%             | 8.72%            |
| Platinum Investor FlexDirector                       | 1,735   | 10.79      | 18,729     | 0.00%                       | 0.70%             | 7.94%            |
| Platinum Investor PLUS                               | 2,194   | 12.90      | 28,302     | 5.96%                       | 0.70%             | 8.72%            |
| Platinum Investor Survivor                           | 24,176  | 10.83      | 261,899    | 6.03%                       | 0.40%             | 9.05%            |
| Platinum Investor Survivor II                        | 4,234   | 12.59      | 53,299     | 5.42%                       | 0.75%             | 8.67%            |
| VALIC Company I - International Equities Fund        |         |            |            |                             |                   |                  |
| AG Legacy Plus                                       | 20,142  | 8.21       | 165,429    | 1.50%                       | 0.75%             | 16.98%           |
| Platinum Investor I & II                             | 70,577  | 10.54      | 743,609    | 1.09%                       | 0.75%             | 16.98%           |
| Platinum Investor III                                | 86,492  | 9.11       | 788,095    | 1.37%                       | 0.70%             | 17.03%           |
| Platinum Investor FlexDirector                       | 349     | 11.20      | 3,911      | 0.09%                       | 0.70%             | 12.00%           |
| Platinum Investor PLUS                               | 8,032   | 11.93      | 95,823     | 1.49%                       | 0.70%             | 17.03%           |
| Platinum Investor Survivor                           | 13,559  | 8.07       | 109,465    | 1.43%                       | 0.40%             | 17.39%           |
| Platinum Investor Survivor II                        | 1,307   | 12.40      | 16,207     | 1.14%                       | 0.75%             | 16.98%           |
| VALIC Company I - Mid Cap Index Fund                 |         |            |            |                             |                   |                  |
| AG Legacy Plus                                       | 24,611  | 12.87      | 316,673    | 0.81%                       | 0.75%             | 15.18%           |
| Corporate America                                    | 6,003   | 13.98      | 83,891     | 0.79%                       | 0.35%             | 15.64%           |
| Corporate America (reduced surrender charge)         | 704     | 11.26      | 7,926      | 0.79%                       | 0.65%             | 12.64%           |
| Platinum Investor I & II                             | 396,205 | 19.08      | 7,558,938  | 0.79%                       | 0.75%             | 15.18%           |
| Platinum Investor III                                | 430,957 | 12.53      | 5,400,920  | 0.82%                       | 0.70%             | 15.24%           |
| Platinum Investor PLUS                               | 37,895  | 12.90      | 488,950    | 0.92%                       | 0.70%             | 15.24%           |
| Platinum Investor Survivor                           | 67,872  | 13.96      | 947,463    | 0.83%                       | 0.40%             | 15.58%           |
| Platinum Investor Survivor II                        | 46,722  | 14.07      | 657,610    | 0.73%                       | 0.75%             | 15.18%           |
| VALIC Company I - Money Market I Fund                |         |            |            |                             |                   |                  |
| AG Legacy Plus                                       | 51,953  | 10.52      | 546,390    | 0.80%                       | 0.75%             | 0.05%            |
| Corporate America                                    | 6,349   | 10.94      | 69,436     | 0.34%                       | 0.35%             | 0.45%            |
| Corporate America (reduced surrender charge)         | 27,087  | 10.02      | 271,377    | 0.34%                       | 0.65%             | 0.19%            |
| Legacy Plus  | 1,086   | 11.08      | 12,032     | 0.81%                       | 0.75%             | 0.05%            |

</TABLE>

AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

| Divisions  | Units     | Unit Value | Net Assets   | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|--|-----------|------------|--------------|-----------------------------|-------------------|------------------|
| <S>  | <C>       | <C>        | <C>          | <C>                         | <C>               | <C>              |
| 2004 - Continued                                     |           |            |              |                             |                   |                  |
| VALIC Company I - Money Market I Fund - Continued    |           |            |              |                             |                   |                  |
| Platinum Investor I & II                             | 947,402   | \$11.59    | \$10,981,940 | 0.74%                       | 0.75%             | 0.05%            |
| Platinum Investor III                                | 1,222,031 | 10.44      | 12,755,775   | 0.72%                       | 0.70%             | 0.10%            |
| Platinum Investor FlexDirector                       | 4,886     | 10.01      | 48,931       | 0.86%                       | 0.70%             | 0.14%            |
| Platinum Investor PLUS                               | 108,353   | 10.03      | 1,086,673    | 0.58%                       | 0.70%             | 0.10%            |
| Platinum Investor Survivor                           | 356,356   | 10.92      | 3,892,926    | 0.76%                       | 0.40%             | 0.40%            |
| Platinum Investor Survivor II                        | 485,564   | 10.05      | 4,880,633    | 0.82%                       | 0.75%             | 0.05%            |
| VALIC Company I - Nasdaq-100 Index Fund              |           |            |              |                             |                   |                  |
| Platinum Investor I & II                             | 195,759   | 4.85       | 949,081      | 0.58%                       | 0.75%             | 9.23%            |
| Platinum Investor III                                | 480,541   | 4.76       | 2,289,462    | 0.56%                       | 0.70%             | 9.28%            |
| Platinum Investor FlexDirector                       | 48        | 10.78      | 516          | 1.00%                       | 0.70%             | 7.84%            |
| Platinum Investor PLUS                               | 11,709    | 13.66      | 159,943      | 0.73%                       | 0.70%             | 9.28%            |
| Platinum Investor Survivor                           | 29,567    | 4.92       | 145,457      | 0.65%                       | 0.40%             | 9.61%            |
| Platinum Investor Survivor II                        | 11,333    | 10.28      | 116,455      | 1.05%                       | 0.75%             | 9.23%            |
| VALIC Company I - Science & Technology Fund          |           |            |              |                             |                   |                  |
| Platinum Investor I & II                             | 92,336    | 3.95       | 364,650      | 0.00%                       | 0.75%             | 0.04%            |
| Platinum Investor III                                | 193,053   | 3.92       | 756,120      | 0.00%                       | 0.70%             | 0.09%            |
| Platinum Investor FlexDirector                       | 51        | 9.96       | 507          | 0.00%                       | 0.70%             | -0.41%           |
| Platinum Investor PLUS                               | 3,497     | 12.14      | 42,443       | 0.00%                       | 0.70%             | 0.09%            |
| Platinum Investor Survivor                           | 16,097    | 4.01       | 64,505       | 0.00%                       | 0.40%             | 0.39%            |
| Platinum Investor Survivor II                        | 1,081     | 9.11       | 9,847        | 0.00%                       | 0.75%             | 0.04%            |
| VALIC Company I - Small Cap Index Fund               |           |            |              |                             |                   |                  |
| Corporate America                                    | 4,416     | 13.46      | 59,441       | 0.82%                       | 0.35%             | 17.48%           |
| Platinum Investor I & II                             | 107,394   | 13.24      | 1,421,650    | 0.84%                       | 0.75%             | 17.01%           |
| Platinum Investor III                                | 215,034   | 13.03      | 2,802,678    | 0.82%                       | 0.70%             | 17.07%           |
| Platinum Investor FlexDirector                       | 32        | 10.97      | 349          | 0.46%                       | 0.70%             | 9.69%            |
| Platinum Investor PLUS                               | 23,667    | 13.79      | 326,254      | 0.98%                       | 0.70%             | 17.07%           |
| Platinum Investor Survivor                           | 20,859    | 13.43      | 280,186      | 0.85%                       | 0.40%             | 17.42%           |
| Platinum Investor Survivor II                        | 3,333     | 14.83      | 49,411       | 0.84%                       | 0.75%             | 17.01%           |
| VALIC Company I - Stock Index Fund                   |           |            |              |                             |                   |                  |
| AG Legacy Plus                                       | 70,818    | 8.35       | 591,082      | 1.57%                       | 0.75%             | 9.68%            |
| Corporate America                                    | 14,690    | 8.36       | 122,821      | 1.54%                       | 0.35%             | 10.12%           |
| Platinum Investor I & II                             | 1,406,720 | 11.44      | 16,087,376   | 1.55%                       | 0.75%             | 9.68%            |
| Platinum Investor III                                | 1,990,719 | 8.65       | 17,228,974   | 1.55%                       | 0.70%             | 9.74%            |
| Platinum Investor FlexDirector                       | 87        | 10.55      | 916          | 0.00%                       | 0.70%             | 5.46%            |
| Platinum Investor PLUS                               | 63,224    | 11.86      | 749,828      | 1.64%                       | 0.70%             | 9.74%            |
| Platinum Investor Survivor                           | 437,170   | 8.35       | 3,650,823    | 1.50%                       | 0.40%             | 10.07%           |
| Platinum Investor Survivor II                        | 40,549    | 11.04      | 447,627      | 1.55%                       | 0.75%             | 9.68%            |
| Van Kampen LIT Emerging Growth Portfolio - Class I   |           |            |              |                             |                   |                  |
| AG Legacy Plus                                       | 11,991    | 4.75       | 56,964       | 0.00%                       | 0.75%             | 6.23%            |
| Van Kampen LIT Government Portfolio - Class I        |           |            |              |                             |                   |                  |
| AG Legacy Plus                                       | 13,807    | 12.90      | 178,108      | 4.89%                       | 0.75%             | 3.39%            |
| Van Kampen LIT Growth and Income Portfolio - Class I |           |            |              |                             |                   |                  |
| Platinum Investor I & II                             | 191,703   | 11.93      | 2,287,879    | 0.96%                       | 0.75%             | 13.52%           |
| Platinum Investor III                                | 242,172   | 11.95      | 2,894,060    | 0.90%                       | 0.70%             | 13.58%           |
| Platinum Investor FlexDirector                       | 32        | 10.83      | 343          | 0.00%                       | 0.70%             | 8.26%            |
| Platinum Investor PLUS                               | 16,160    | 12.18      | 196,763      | 0.82%                       | 0.70%             | 13.58%           |
| Platinum Investor Survivor                           | 16,686    | 12.05      | 201,015      | 1.03%                       | 0.40%             | 13.92%           |

</TABLE>

AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable

life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>  
<CAPTION>

| Divisions   | Units   | Unit Value | Net Assets | Investment<br>Income<br>Ratio (a) | Expense<br>Ratio (b) | Total<br>Return (c) |
|---|---------|------------|------------|-----------------------------------|----------------------|---------------------|
| <S>   | <C>     | <C>        | <C>        | <C>                               | <C>                  | <C>                 |
| 2004 - Continued  |         |            |            |                                   |                      |                     |
| Van Kampen LIT Growth and Income Portfolio - Class I -<br>Continued |         |            |            |                                   |                      |                     |
| Platinum Investor Survivor II                                       | 6,375   | \$11.93    | \$ 76,084  | 0.94%                             | 0.75%                | 13.52%              |
| Vanguard VIF High Yield Bond Portfolio                              |         |            |            |                                   |                      |                     |
| Platinum Investor I & II  | 100,018 | 12.76      | 1,276,287  | 7.19%                             | 0.75%                | 7.71%               |
| Platinum Investor III   | 330,232 | 12.86      | 4,246,662  | 6.58%                             | 0.70%                | 7.77%               |
| Platinum Investor FlexDirector                                      | 32      | 10.66      | 337        | 0.00%                             | 0.70%                | 6.58%               |
| Platinum Investor PLUS  | 22,057  | 12.37      | 272,761    | 4.95%                             | 0.70%                | 7.77%               |
| Platinum Investor Survivor  | 86,078  | 12.95      | 1,114,534  | 1.13%                             | 0.40%                | 8.09%               |
| Platinum Investor Survivor II                                       | 23,456  | 12.65      | 296,797    | 2.45%                             | 0.75%                | 7.71%               |
| Vanguard VIF REIT Index Portfolio                                   |         |            |            |                                   |                      |                     |
| Corporate America   | 708     | 22.10      | 15,640     | 4.59%                             | 0.35%                | 30.06%              |
| Platinum Investor I & II  | 99,576  | 21.74      | 2,164,676  | 2.49%                             | 0.75%                | 29.54%              |
| Platinum Investor III   | 303,258 | 21.75      | 6,594,879  | 2.48%                             | 0.70%                | 29.60%              |
| Platinum Investor FlexDirector                                      | 3,849   | 12.10      | 46,590     | 0.00%                             | 0.70%                | 21.03%              |
| Platinum Investor PLUS  | 40,045  | 16.36      | 655,114    | 2.42%                             | 0.70%                | 29.60%              |
| Platinum Investor Survivor  | 30,818  | 22.06      | 679,778    | 2.05%                             | 0.40%                | 29.99%              |
| Platinum Investor Survivor II                                       | 23,561  | 18.94      | 446,319    | 1.46%                             | 0.75%                | 29.54%              |
| 2003  |         |            |            |                                   |                      |                     |
| AIM V.I. International Growth Fund - Series I                       |         |            |            |                                   |                      |                     |
| AG Legacy Plus  | 17,769  | 6.53       | 116,061    | 0.48%                             | 0.75%                | 28.10%              |
| Corporate America   | 6,858   | 6.30       | 43,188     | 0.57%                             | 0.35%                | 28.61%              |
| Platinum Investor I & II  | 328,864 | 9.04       | 2,972,642  | 0.51%                             | 0.75%                | 28.10%              |
| Platinum Investor III   | 120,999 | 7.59       | 917,986    | 0.60%                             | 0.70%                | 28.16%              |
| Platinum Investor PLUS  | 3,813   | 10.50      | 40,027     | 0.82%                             | 0.70%                | 28.16%              |
| Platinum Investor Survivor  | 46,420  | 6.29       | 292,156    | 0.52%                             | 0.40%                | 28.55%              |
| Platinum Investor Survivor II                                       | 1,195   | 11.00      | 13,144     | 0.51%                             | 0.75%                | 28.10%              |
| AIM V.I. Premier Equity Fund - Series I                             |         |            |            |                                   |                      |                     |
| Corporate America   | 5,993   | 5.92       | 35,462     | 0.30%                             | 0.35%                | 24.64%              |
| Legacy Plus   | --      | 6.34       | --         | 0.00%                             | 0.75%                | 20.44%              |
| Platinum Investor I & II  | 856,369 | 9.47       | 8,106,816  | 0.29%                             | 0.75%                | 24.15%              |
| Platinum Investor III   | 433,128 | 7.04       | 3,047,453  | 0.33%                             | 0.70%                | 24.21%              |
| Platinum Investor PLUS  | 8,904   | 10.21      | 90,916     | 0.46%                             | 0.70%                | 24.21%              |
| Platinum Investor Survivor  | 109,492 | 5.91       | 647,508    | 0.31%                             | 0.40%                | 24.58%              |
| Platinum Investor Survivor II                                       | 4,149   | 8.81       | 36,534     | 0.33%                             | 0.75%                | 24.15%              |
| Alger American Leveraged AllCap Portfolio - Class O Shares          |         |            |            |                                   |                      |                     |
| Platinum Investor III   | 18,007  | 12.05      | 217,007    | 0.00%                             | 0.70%                | 20.51%              |
| Platinum Investor PLUS  | 1,206   | 12.05      | 14,534     | 0.00%                             | 0.70%                | 20.51%              |
| Platinum Investor Survivor  | 138     | 12.08      | 1,666      | 0.00%                             | 0.40%                | 20.75%              |
| Platinum Investor Survivor II                                       | 103     | 12.05      | 1,236      | 0.00%                             | 0.75%                | 20.47%              |
| Alger American MidCap Growth Portfolio - Class O Shares             |         |            |            |                                   |                      |                     |
| Platinum Investor III   | 18,785  | 13.58      | 255,035    | 0.00%                             | 0.70%                | 35.76%              |
| Platinum Investor PLUS  | 985     | 13.58      | 13,374     | 0.00%                             | 0.70%                | 35.76%              |
| Platinum Investor Survivor  | 2,174   | 13.60      | 29,576     | 0.00%                             | 0.40%                | 36.03%              |
| Platinum Investor Survivor II                                       | 343     | 13.57      | 4,651      | 0.00%                             | 0.75%                | 35.72%              |
| American Century VP Value Fund - Class I                            |         |            |            |                                   |                      |                     |
| AG Legacy Plus  | 30,836  | 14.83      | 457,376    | 1.07%                             | 0.75%                | 28.00%              |
| Corporate America   | 4,675   | 13.57      | 63,443     | 1.07%                             | 0.35%                | 28.51%              |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>  
<CAPTION>

| Divisions | Units | Unit Value | Net Assets | Investment<br>Income<br>Ratio (a) | Expense<br>Ratio (b) | Total<br>Return (c) |
|-----------|-------|------------|------------|-----------------------------------|----------------------|---------------------|
| <S>       | <C>   | <C>        | <C>        | <C>                               | <C>                  | <C>                 |

2003 - Continued

American Century VP Value Fund - Class I - Continued

|   |         |         |             |         |       |        |
|---|---------|---------|-------------|---------|-------|--------|
| Platinum Investor I & II                                  | 210,667 | \$13.40 | \$2,822,824 | 0.96%   | 0.75% | 28.00% |
| Platinum Investor III                                     | 369,463 | 13.31   | 4,919,113   | 0.80%   | 0.70% | 28.06% |
| Platinum Investor PLUS                                    | 20,510  | 11.28   | 231,350     | 0.69%   | 0.70% | 28.06% |
| Platinum Investor Survivor                                | 25,525  | 13.55   | 345,829     | 0.72%   | 0.40% | 28.44% |
| Platinum Investor Survivor II                             | 66,916  | 11.80   | 789,838     | 0.79%   | 0.75% | 28.00% |
| Ayco Growth Fund  |         |         |             |         |       |        |
| Platinum Investor I & II                                  | --      | 8.36    | --          | 0.47%   | 0.75% | 26.35% |
| Platinum Investor III                                     | --      | 8.38    | --          | 0.52%   | 0.70% | 26.41% |
| Platinum Investor PLUS                                    | --      | 10.23   | --          | 120.86% | 0.70% | 26.41% |
| Platinum Investor Survivor                                | --      | 8.45    | --          | 0.86%   | 0.40% | 26.78% |
| Platinum Investor Survivor II                             | --      | 8.89    | --          | 0.83%   | 0.75% | 26.35% |
| Credit Suisse Small Cap Growth Portfolio                  |         |         |             |         |       |        |
| Platinum Investor I & II                                  | 46,817  | 7.43    | 347,984     | 0.00%   | 0.75% | 47.44% |
| Platinum Investor III                                     | 114,690 | 7.28    | 834,569     | 0.00%   | 0.70% | 47.51% |
| Platinum Investor PLUS                                    | 3,837   | 11.62   | 44,567      | 0.00%   | 0.70% | 47.51% |
| Platinum Investor Survivor                                | 4,530   | 7.52    | 34,045      | 0.00%   | 0.40% | 47.95% |
| Platinum Investor Survivor II                             | 749     | 11.01   | 8,249       | 0.00%   | 0.75% | 47.44% |
| Dreyfus IP MidCap Stock Portfolio - Initial shares        |         |         |             |         |       |        |
| Platinum Investor I & II                                  | 73,021  | 10.70   | 781,298     | 0.29%   | 0.75% | 30.74% |
| Platinum Investor III                                     | 161,611 | 10.52   | 1,699,951   | 0.30%   | 0.70% | 30.80% |
| Platinum Investor PLUS                                    | 11,054  | 11.05   | 122,113     | 0.39%   | 0.70% | 30.80% |
| Platinum Investor Survivor                                | 18,763  | 10.82   | 202,999     | 0.27%   | 0.40% | 31.20% |
| Platinum Investor Survivor II                             | 4,400   | 12.11   | 53,278      | 0.36%   | 0.75% | 30.74% |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares |         |         |             |         |       |        |
| Corporate America   | 12,360  | 10.38   | 128,308     | 0.03%   | 0.35% | 31.23% |
| Platinum Investor I & II                                  | 405,482 | 12.59   | 5,106,276   | 0.03%   | 0.75% | 30.71% |
| Platinum Investor III                                     | 377,518 | 9.70    | 3,660,894   | 0.03%   | 0.70% | 30.77% |
| Platinum Investor PLUS                                    | 14,951  | 10.47   | 156,515     | 0.04%   | 0.70% | 30.77% |
| Platinum Investor Survivor                                | 58,620  | 10.37   | 608,130     | 0.04%   | 0.40% | 31.16% |
| Platinum Investor Survivor II                             | 43,134  | 11.38   | 490,913     | 0.04%   | 0.75% | 30.71% |
| Dreyfus VIF Quality Bond Portfolio - Initial shares       |         |         |             |         |       |        |
| Corporate America   | 7,084   | 12.97   | 91,852      | 4.08%+  | 0.35% | 4.58%  |
| Platinum Investor I & II                                  | 351,864 | 12.99   | 4,571,955   | 3.97%+  | 0.75% | 4.16%  |
| Platinum Investor III                                     | 210,671 | 12.30   | 2,591,291   | 4.04%+  | 0.70% | 4.21%  |
| Platinum Investor PLUS                                    | 12,455  | 10.90   | 135,822     | 4.16%+  | 0.70% | 4.21%  |
| Platinum Investor Survivor                                | 22,659  | 12.96   | 293,621     | 4.08%+  | 0.40% | 4.52%  |
| Platinum Investor Survivor II                             | 4,881   | 10.95   | 53,463      | 4.05%+  | 0.75% | 4.16%  |
| Fidelity VIP Asset Manager Portfolio - Service Class 2    |         |         |             |         |       |        |
| AG Legacy Plus  | 13,924  | 10.24   | 142,609     | 2.47%   | 0.75% | 16.78% |
| Platinum Investor I & II                                  | 194,550 | 9.75    | 1,896,730   | 3.14%   | 0.75% | 16.78% |
| Platinum Investor III                                     | 146,922 | 9.72    | 1,428,653   | 2.37%   | 0.70% | 16.84% |
| Platinum Investor PLUS                                    | 7,471   | 11.12   | 83,043      | 1.34%   | 0.70% | 16.84% |
| Platinum Investor Survivor                                | 8,861   | 9.86    | 87,351      | 3.52%   | 0.40% | 17.19% |
| Platinum Investor Survivor II                             | 7,874   | 10.86   | 85,505      | 2.22%   | 0.75% | 16.78% |
| Fidelity VIP Contrafund Portfolio - Service Class 2       |         |         |             |         |       |        |
| AG Legacy Plus  | 37,472  | 10.85   | 406,531     | 0.24%   | 0.75% | 27.24% |
| Corporate America   | 5,102   | 9.63    | 49,147      | 0.29%   | 0.35% | 27.75% |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

| Divisions   | Units   | Unit Value | Net Assets   | Investment       |                   |                  |
|---|---------|------------|--------------|------------------|-------------------|------------------|
|   |         |            |              | Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
| <S>   | <C>     | <C>        | <C>          | <C>              | <C>               | <C>              |
| 2003 - Continued  |         |            |              |                  |                   |                  |
| Fidelity VIP Contrafund Portfolio - Service Class 2 - Continued |         |            |              |                  |                   |                  |
| Platinum Investor I & II  | 275,267 | \$ 9.51    | \$ 2,618,131 | 0.26%            | 0.75%             | 27.24%           |
| Platinum Investor III   | 578,962 | 9.38       | 5,432,050    | 0.23%            | 0.70%             | 27.30%           |
| Platinum Investor PLUS  | 28,350  | 11.23      | 318,302      | 0.09%            | 0.70%             | 27.30%           |
| Platinum Investor Survivor                                      | 37,768  | 9.62       | 363,221      | 0.54%            | 0.40%             | 27.68%           |
| Platinum Investor Survivor II                                   | 8,993   | 11.84      | 106,506      | 0.19%            | 0.75%             | 27.24%           |
| Fidelity VIP Equity-Income Portfolio - Service Class 2          |         |            |              |                  |                   |                  |
| AG Legacy Plus  | 53,210  | 9.98       | 531,275      | 1.36%            | 0.75%             | 29.06%           |
| Corporate America   | 19,278  | 10.22      | 197,063      | 1.46%            | 0.35%             | 29.57%           |
| Platinum Investor I & II  | 301,311 | 10.09      | 3,041,231    | 1.46%            | 0.75%             | 29.06%           |
| Platinum Investor III   | 618,890 | 10.10      | 6,252,170    | 1.23%            | 0.70%             | 29.12%           |

|   |         |       |            |       |       |        |
|---|---------|-------|------------|-------|-------|--------|
| Platinum Investor PLUS  | 28,808  | 10.88 | 313,370    | 0.72% | 0.70% | 29.12% |
| Platinum Investor Survivor  | 65,789  | 10.21 | 671,430    | 2.70% | 0.40% | 29.51% |
| Platinum Investor Survivor II   | 31,375  | 11.04 | 346,431    | 1.49% | 0.75% | 29.06% |
| Fidelity VIP Growth Portfolio - Service Class 2                         |         |       |            |       |       |        |
| AG Legacy Plus  | 25,346  | 7.93  | 201,055    | 0.10% | 0.75% | 31.55% |
| Corporate America   | 5,536   | 6.72  | 37,208     | 0.10% | 0.35% | 32.08% |
| Platinum Investor I & II  | 301,685 | 6.64  | 2,002,210  | 0.10% | 0.75% | 31.55% |
| Platinum Investor III   | 806,359 | 6.57  | 5,300,495  | 0.09% | 0.70% | 31.62% |
| Platinum Investor PLUS  | 35,338  | 10.58 | 373,837    | 0.03% | 0.70% | 31.62% |
| Platinum Investor Survivor  | 84,756  | 6.71  | 568,779    | 0.20% | 0.40% | 32.01% |
| Platinum Investor Survivor II   | 33,499  | 9.41  | 315,255    | 0.11% | 0.75% | 31.55% |
| Fidelity VIP Mid Cap Portfolio - Service Class 2                        |         |       |            |       |       |        |
| Platinum Investor I & II  | 13,930  | 14.00 | 194,978    | 0.00% | 0.75% | 39.97% |
| Platinum Investor III   | 7,590   | 14.00 | 106,267    | 0.00% | 0.70% | 40.01% |
| Platinum Investor PLUS  | 1,083   | 14.00 | 15,161     | 0.00% | 0.70% | 40.01% |
| Platinum Investor Survivor II   | 646     | 14.00 | 9,039      | 0.00% | 0.75% | 39.97% |
| Franklin Templeton - Franklin Small Cap Fund - Class 2                  |         |       |            |       |       |        |
| AG Legacy Plus  | 21,351  | 6.34  | 135,309    | 0.00% | 0.75% | 36.22% |
| Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2 |         |       |            |       |       |        |
| Platinum Investor I & II  | 823     | 13.27 | 10,925     | 0.00% | 0.75% | 32.71% |
| Platinum Investor III   | 13,920  | 13.28 | 184,793    | 0.01% | 0.70% | 32.75% |
| Platinum Investor PLUS  | 2,274   | 13.28 | 30,194     | 0.00% | 0.70% | 32.75% |
| Platinum Investor Survivor  | 954     | 13.30 | 12,687     | 0.00% | 0.40% | 33.02% |
| Platinum Investor Survivor II   | 407     | 13.27 | 5,400      | 0.00% | 0.75% | 32.71% |
| Franklin Templeton - Franklin U.S. Government Fund - Class 2            |         |       |            |       |       |        |
| Platinum Investor I & II  | 29,978  | 11.09 | 332,384    | 4.44% | 0.75% | 1.45%  |
| Platinum Investor III   | 993,247 | 11.10 | 11,023,739 | 4.48% | 0.70% | 1.50%  |
| Platinum Investor PLUS  | 32,257  | 10.74 | 346,310    | 8.97% | 0.70% | 1.50%  |
| Platinum Investor Survivor  | 307     | 11.17 | 3,422      | 9.35% | 0.40% | 1.81%  |
| Platinum Investor Survivor II   | 4,440   | 11.09 | 49,231     | 2.42% | 0.75% | 1.45%  |
| Franklin Templeton - Mutual Shares Securities Fund - Class 2            |         |       |            |       |       |        |
| Platinum Investor I & II  | 24,270  | 10.88 | 264,074    | 0.65% | 0.75% | 24.21% |
| Platinum Investor III   | 498,453 | 10.89 | 5,428,832  | 1.01% | 0.70% | 24.28% |
| Platinum Investor PLUS  | 9,047   | 10.71 | 96,887     | 0.81% | 0.70% | 24.28% |
| Platinum Investor Survivor  | 2,452   | 10.96 | 26,861     | 0.59% | 0.40% | 24.65% |
| Platinum Investor Survivor II   | 16,089  | 10.88 | 175,057    | 0.99% | 0.75% | 24.21% |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

| Divisions  | Units   | Unit Value | Net Assets | Investment       |                   |                  |
|--|---------|------------|------------|------------------|-------------------|------------------|
|  |         |            |            | Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
| <S>  | <C>     | <C>        | <C>        | <C>              | <C>               | <C>              |
| 2003 - Continued   |         |            |            |                  |                   |                  |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2   |         |            |            |                  |                   |                  |
| AG Legacy Plus   | 13,455  | \$ 8.43    | \$ 113,465 | 1.09%            | 0.75%             | 31.23%           |
| Platinum Investor I & II   | 54,774  | 10.55      | 578,054    | 1.04%            | 0.75%             | 31.23%           |
| Platinum Investor III  | 514,133 | 10.56      | 5,431,242  | 1.63%            | 0.70%             | 31.29%           |
| Platinum Investor PLUS   | 4,611   | 10.21      | 47,094     | 0.83%            | 0.70%             | 31.29%           |
| Platinum Investor Survivor   | 5,955   | 10.63      | 63,285     | 0.15%            | 0.40%             | 31.69%           |
| Platinum Investor Survivor II                                      | 26,168  | 10.55      | 276,165    | 1.34%            | 0.75%             | 31.23%           |
| Goldman Sachs Capital Growth Fund                                  |         |            |            |                  |                   |                  |
| Platinum Investor I & II   | 14,861  | 8.55       | 127,035    | 0.00%            | 0.75%             | 2.21%            |
| Platinum Investor III  | 16,224  | 8.56       | 138,901    | 0.00%            | 0.70%             | 2.22%            |
| Platinum Investor PLUS   | 115     | 10.46      | 1,202      | 0.00%            | 0.70%             | 2.22%            |
| Platinum Investor Survivor   | 740,038 | 8.64       | 6,394,727  | 0.00%            | 0.40%             | 2.23%            |
| Platinum Investor Survivor II                                      | 202,510 | 9.08       | 1,839,317  | 0.00%            | 0.75%             | 2.21%            |
| Janus Aspen Series International Growth Portfolio - Service Shares |         |            |            |                  |                   |                  |
| Corporate America  | 3,219   | 6.78       | 21,839     | 1.12%            | 0.35%             | 34.06%           |
| Platinum Investor I & II   | 84,575  | 6.70       | 566,508    | 0.97%            | 0.75%             | 33.53%           |
| Platinum Investor III  | 184,544 | 6.65       | 1,227,085  | 0.93%            | 0.70%             | 33.60%           |
| Platinum Investor PLUS   | 3,647   | 10.66      | 38,856     | 0.94%            | 0.70%             | 33.60%           |
| Platinum Investor Survivor   | 35,446  | 6.77       | 240,071    | 1.09%            | 0.40%             | 34.00%           |
| Platinum Investor Survivor II                                      | 4,343   | 10.53      | 45,738     | 1.20%            | 0.75%             | 33.53%           |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares       |         |            |            |                  |                   |                  |
| Corporate America  | 2,344   | 4.50       | 10,540     | 0.00%            | 0.35%             | 34.29%           |
| Platinum Investor I & II   | 52,305  | 4.44       | 232,264    | 0.00%            | 0.75%             | 33.76%           |

|  |         |       |           |       |       |        |
|--|---------|-------|-----------|-------|-------|--------|
| Platinum Investor III  | 377,143 | 4.33  | 1,633,083 | 0.00% | 0.70% | 33.82% |
| Platinum Investor PLUS   | 6,125   | 11.31 | 69,306    | 0.00% | 0.70% | 33.82% |
| Platinum Investor Survivor                                     | 29,454  | 4.49  | 132,254   | 0.00% | 0.40% | 34.23% |
| Platinum Investor Survivor II                                  | 996     | 10.11 | 10,066    | 0.00% | 0.75% | 33.76% |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares |         |       |           |       |       |        |
| Corporate America  | 10,759  | 6.34  | 68,223    | 0.91% | 0.35% | 23.25% |
| Platinum Investor I & II                                       | 128,751 | 6.26  | 806,098   | 0.94% | 0.75% | 22.76% |
| Platinum Investor III  | 314,555 | 6.20  | 1,951,654 | 0.84% | 0.70% | 22.82% |
| Platinum Investor PLUS   | 8,332   | 9.91  | 82,556    | 0.88% | 0.70% | 22.82% |
| Platinum Investor Survivor                                     | 36,703  | 6.33  | 232,358   | 0.94% | 0.40% | 23.19% |
| Platinum Investor Survivor II                                  | 28,353  | 9.49  | 269,186   | 0.61% | 0.75% | 22.76% |
| JPMorgan Mid Cap Value Portfolio                               |         |       |           |       |       |        |
| Platinum Investor I & II                                       | 39      | 12.37 | 482       | 0.00% | 0.75% | 23.67% |
| Platinum Investor III  | 9,332   | 12.37 | 115,457   | 0.00% | 0.70% | 23.72% |
| Platinum Investor PLUS   | 139     | 12.37 | 1,723     | 0.00% | 0.70% | 23.72% |
| Platinum Investor Survivor II                                  | 359     | 12.37 | 4,435     | 0.00% | 0.75% | 23.67% |
| JPMorgan Small Company Portfolio                               |         |       |           |       |       |        |
| Platinum Investor I & II                                       | 24,698  | 9.04  | 223,279   | 0.00% | 0.75% | 34.96% |
| Platinum Investor III  | 62,123  | 8.89  | 552,395   | 0.00% | 0.70% | 35.03% |
| Platinum Investor PLUS   | 1,545   | 11.07 | 17,103    | 0.00% | 0.70% | 35.03% |
| Platinum Investor Survivor                                     | 1,101   | 9.14  | 10,060    | 0.00% | 0.40% | 35.43% |
| Platinum Investor Survivor II                                  | 469     | 11.62 | 5,450     | 0.00% | 0.75% | 34.96% |
| MFS VIT Capital Opportunities Series - Initial Class           |         |       |           |       |       |        |
| Corporate America  | 3,396   | 6.05  | 20,562    | 0.21% | 0.35% | 26.94% |
| Platinum Investor I & II                                       | 123,819 | 5.98  | 740,269   | 0.26% | 0.75% | 26.44% |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

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| Divisions  | Units   | Unit Value | Net Assets  | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|--|---------|------------|-------------|-----------------------------|-------------------|------------------|
| <S>  | <C>     | <C>        | <C>         | <C>                         | <C>               | <C>              |
| 2003 - Continued   |         |            |             |                             |                   |                  |
| MFS VIT Capital Opportunities Series - Initial Class - Continued |         |            |             |                             |                   |                  |
| Platinum Investor III  | 351,732 | \$ 6.03    | \$2,121,183 | 0.22%                       | 0.70%             | 26.50%           |
| Platinum Investor PLUS   | 13,208  | 10.16      | 134,162     | 0.13%                       | 0.70%             | 26.50%           |
| Platinum Investor Survivor                                       | 42,350  | 6.05       | 256,019     | 0.22%                       | 0.40%             | 26.88%           |
| Platinum Investor Survivor II                                    | 2,444   | 9.26       | 22,624      | 0.23%                       | 0.75%             | 26.44%           |
| MFS VIT Emerging Growth Series - Initial Class                   |         |            |             |                             |                   |                  |
| AG Legacy Plus   | 9,716   | 9.57       | 92,944      | 0.00%                       | 0.75%             | 29.25%           |
| Corporate America  | 1,272   | 4.40       | 5,594       | 0.00%                       | 0.35%             | 29.77%           |
| Platinum Investor I & II   | 707,829 | 9.31       | 6,592,132   | 0.00%                       | 0.75%             | 29.25%           |
| Platinum Investor III  | 710,798 | 4.93       | 3,503,311   | 0.00%                       | 0.70%             | 29.32%           |
| Platinum Investor PLUS   | 10,988  | 10.38      | 114,037     | 0.00%                       | 0.70%             | 29.32%           |
| Platinum Investor Survivor                                       | 128,450 | 4.39       | 564,347     | 0.00%                       | 0.40%             | 29.71%           |
| Platinum Investor Survivor II                                    | 2,081   | 8.93       | 18,588      | 0.00%                       | 0.75%             | 29.25%           |
| MFS VIT New Discovery Series - Initial Class                     |         |            |             |                             |                   |                  |
| AG Legacy Plus   | 11,867  | 7.40       | 87,852      | 0.00%                       | 0.75%             | 32.72%           |
| Corporate America  | 4,165   | 8.03       | 33,449      | 0.00%                       | 0.35%             | 33.25%           |
| Platinum Investor I & II   | 118,366 | 7.93       | 938,613     | 0.00%                       | 0.75%             | 32.72%           |
| Platinum Investor III  | 209,507 | 7.76       | 1,626,577   | 0.00%                       | 0.70%             | 32.79%           |
| Platinum Investor PLUS   | 7,988   | 10.55      | 84,253      | 0.00%                       | 0.70%             | 32.79%           |
| Platinum Investor Survivor                                       | 12,890  | 8.02       | 103,356     | 0.00%                       | 0.40%             | 33.18%           |
| Platinum Investor Survivor II                                    | 20,459  | 10.17      | 208,046     | 0.00%                       | 0.75%             | 32.72%           |
| MFS VIT Research Series - Initial Class                          |         |            |             |                             |                   |                  |
| Corporate America  | 3,197   | 6.60       | 21,110      | 0.49%                       | 0.35%             | 24.27%           |
| Platinum Investor I & II   | 45,499  | 6.52       | 296,621     | 0.62%                       | 0.75%             | 23.77%           |
| Platinum Investor III  | 127,774 | 6.49       | 829,360     | 0.60%                       | 0.70%             | 23.84%           |
| Platinum Investor PLUS   | 3,326   | 10.26      | 34,120      | 0.32%                       | 0.70%             | 23.84%           |
| Platinum Investor Survivor                                       | 10,143  | 6.59       | 66,864      | 0.69%                       | 0.40%             | 24.21%           |
| Platinum Investor Survivor II                                    | 3,856   | 9.56       | 36,872      | 0.50%                       | 0.75%             | 23.77%           |
| MFS VIT Total Return Series - Initial Class                      |         |            |             |                             |                   |                  |
| AG Legacy Plus   | 133,539 | 5.64       | 752,783     | 1.61%                       | 0.75%             | 15.45%           |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I          |         |            |             |                             |                   |                  |
| Corporate America  | 1,001   | 5.61       | 5,612       | 0.00%                       | 0.35%             | 27.62%           |
| Platinum Investor I & II   | 51,089  | 5.54       | 282,942     | 0.00%                       | 0.75%             | 27.11%           |
| Platinum Investor III  | 246,565 | 5.44       | 1,342,011   | 0.00%                       | 0.70%             | 27.18%           |
| Platinum Investor PLUS   | 9,135   | 10.15      | 92,709      | 0.00%                       | 0.70%             | 27.18%           |

|   |        |       |         |       |       |        |
|---|--------|-------|---------|-------|-------|--------|
| Platinum Investor Survivor  | 14,189 | 5.60  | 79,457  | 0.00% | 0.40% | 27.56% |
| Platinum Investor Survivor II                                       | 6,290  | 9.32  | 58,612  | 0.00% | 0.75% | 27.11% |
| Neuberger Berman AMT Partners Portfolio - Class I<br>AG Legacy Plus | 12,144 | 9.60  | 116,594 | 0.00% | 0.75% | 34.08% |
| Oppenheimer Balanced Fund/VA - Non-Service Shares                   |        |       |         |       |       |        |
| Platinum Investor I & II  | 2      | 11.87 | 18      | 0.00% | 0.75% | 18.74% |
| Platinum Investor III   | 5,675  | 11.88 | 67,413  | 0.00% | 0.70% | 18.78% |
| Platinum Investor PLUS  | 491    | 11.88 | 5,829   | 0.00% | 0.70% | 18.78% |
| Platinum Investor Survivor  | 433    | 11.90 | 5,158   | 0.00% | 0.40% | 19.02% |
| Platinum Investor Survivor II                                       | 3,197  | 11.87 | 37,965  | 0.00% | 0.75% | 18.74% |
| Oppenheimer Global Securities Fund/VA - Non-Service Shares          |        |       |         |       |       |        |
| Platinum Investor I & II  | 2,681  | 14.22 | 38,121  | 0.00% | 0.75% | 42.19% |
| Platinum Investor III   | 7,964  | 14.22 | 113,286 | 0.00% | 0.70% | 42.24% |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

| Divisions  | Units   | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|--|---------|------------|------------|-----------------------------|-------------------|------------------|
| <S>  | <C>     | <C>        | <C>        | <C>                         | <C>               | <C>              |
| 2003 - Continued   |         |            |            |                             |                   |                  |
| Oppenheimer Global Securities Fund/VA - Non-Service Shares - Continued |         |            |            |                             |                   |                  |
| Platinum Investor PLUS   | 254     | \$14.22    | \$ 3,614   | 0.00%                       | 0.70%             | 42.24%           |
| Platinum Investor Survivor   | 1,271   | 14.25      | 18,122     | 0.00%                       | 0.40%             | 42.53%           |
| Platinum Investor Survivor II  | 316     | 14.22      | 4,494      | 0.00%                       | 0.75%             | 42.19%           |
| Oppenheimer High Income Fund/VA - Non-Service Shares                   |         |            |            |                             |                   |                  |
| AG Legacy Plus   | 6,177   | 11.57      | 71,478     | 9.13%                       | 0.75%             | 23.03%           |
| PIMCO VIT Real Return Portfolio - Administrative Class                 |         |            |            |                             |                   |                  |
| AG Legacy Plus   | 46,648  | 12.95      | 604,251    | 2.34% +                     | 0.75%             | 8.04%            |
| Corporate America  | 2,415   | 14.29      | 34,504     | 2.87% +                     | 0.35%             | 8.47%            |
| Platinum Investor I & II   | 115,773 | 14.11      | 1,633,587  | 2.41% +                     | 0.75%             | 8.04%            |
| Platinum Investor III  | 357,225 | 14.16      | 5,058,921  | 2.55% +                     | 0.70%             | 8.10%            |
| Platinum Investor PLUS   | 19,594  | 11.96      | 234,262    | 2.38% +                     | 0.70%             | 8.10%            |
| Platinum Investor Survivor   | 55,992  | 14.27      | 798,850    | 2.66% +                     | 0.40%             | 8.42%            |
| Platinum Investor Survivor II  | 12,541  | 12.12      | 152,019    | 2.32% +                     | 0.75%             | 8.04%            |
| PIMCO VIT Short-Term Portfolio - Administrative Class                  |         |            |            |                             |                   |                  |
| Corporate America  | 15,920  | 11.19      | 178,227    | 1.65%                       | 0.35%             | 1.69%            |
| Platinum Investor I & II   | 198,676 | 11.05      | 2,196,210  | 2.23%                       | 0.75%             | 1.29%            |
| Platinum Investor III  | 136,457 | 11.06      | 1,509,539  | 1.59%                       | 0.70%             | 1.34%            |
| Platinum Investor PLUS   | 5,065   | 10.30      | 52,148     | 1.40%                       | 0.70%             | 1.34%            |
| Platinum Investor Survivor   | 22,482  | 11.18      | 251,288    | 1.66%                       | 0.40%             | 1.64%            |
| Platinum Investor Survivor II  | 29,761  | 10.40      | 309,375    | 1.79%                       | 0.75%             | 1.29%            |
| PIMCO VIT Total Return Portfolio - Administrative Class                |         |            |            |                             |                   |                  |
| AG Legacy Plus   | 35,437  | 11.94      | 423,015    | 2.68% +                     | 0.75%             | 4.26%            |
| Corporate America  | 6,930   | 12.67      | 87,796     | 3.00% +                     | 0.35%             | 4.68%            |
| Platinum Investor I & II   | 258,775 | 12.51      | 3,237,164  | 2.85% +                     | 0.75%             | 4.26%            |
| Platinum Investor III  | 437,126 | 12.57      | 5,495,000  | 2.98% +                     | 0.70%             | 4.31%            |
| Platinum Investor PLUS   | 24,496  | 10.96      | 268,413    | 2.72% +                     | 0.70%             | 4.31%            |
| Platinum Investor Survivor   | 51,352  | 12.65      | 649,546    | 2.80% +                     | 0.40%             | 4.63%            |
| Platinum Investor Survivor II  | 52,389  | 11.07      | 579,689    | 3.31% +                     | 0.75%             | 4.26%            |
| Putnam VT Diversified Income Fund - Class IB                           |         |            |            |                             |                   |                  |
| AG Legacy Plus   | 8,850   | 12.66      | 112,000    | 8.11%                       | 0.75%             | 19.15%           |
| Corporate America  | 294,605 | 12.87      | 3,792,813  | 7.25%                       | 0.35%             | 19.63%           |
| Platinum Investor I & II   | 89,892  | 12.22      | 1,098,789  | 9.11%                       | 0.75%             | 19.15%           |
| Platinum Investor III  | 57,820  | 13.09      | 756,793    | 6.90%                       | 0.70%             | 19.21%           |
| Platinum Investor PLUS   | 4,230   | 12.13      | 51,314     | 3.90%                       | 0.70%             | 19.21%           |
| Platinum Investor Survivor   | 4,357   | 12.87      | 56,062     | 8.28%                       | 0.40%             | 19.57%           |
| Platinum Investor Survivor II  | 122     | 12.47      | 1,524      | 0.00%                       | 0.75%             | 19.15%           |
| Putnam VT Growth and Income Fund - Class IB                            |         |            |            |                             |                   |                  |
| Corporate America  | 371,886 | 10.16      | 3,778,936  | 1.40%                       | 0.35%             | 26.94%           |
| Platinum Investor I & II   | 509,573 | 10.57      | 5,386,247  | 1.85%                       | 0.75%             | 26.43%           |
| Platinum Investor III  | 467,361 | 9.54       | 4,459,408  | 1.57%                       | 0.70%             | 26.49%           |
| Platinum Investor PLUS   | 13,002  | 10.68      | 138,850    | 1.12%                       | 0.70%             | 26.49%           |
| Platinum Investor Survivor   | 70,398  | 10.15      | 714,878    | 1.73%                       | 0.40%             | 26.87%           |
| Platinum Investor Survivor II  | 4,092   | 10.48      | 42,897     | 1.32%                       | 0.75%             | 26.43%           |
| Putnam VT International Growth and Income Fund - Class IB              |         |            |            |                             |                   |                  |
| Corporate America  | 1,334   | 9.20       | 12,264     | 0.00%                       | 0.35%             | 37.37%           |

|                          |         |       |           |       |       |        |
|--------------------------|---------|-------|-----------|-------|-------|--------|
| Platinum Investor I & II | 239,580 | 10.72 | 2,568,951 | 1.40% | 0.75% | 36.82% |
| Platinum Investor III    | 198,598 | 9.49  | 1,884,181 | 1.43% | 0.70% | 36.89% |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>  
<CAPTION>

| Divisions  | Units   | Unit Value | Net Assets | Investment<br>Income<br>Ratio (a) | Expense<br>Ratio (b) | Total<br>Return (c) |
|--|---------|------------|------------|-----------------------------------|----------------------|---------------------|
| <S>  | <C>     | <C>        | <C>        | <C>                               | <C>                  | <C>                 |
| 2003 - Continued   |         |            |            |                                   |                      |                     |
| Putnam VT International Growth and Income Fund -<br>Class IB - Continued |         |            |            |                                   |                      |                     |
| Platinum Investor PLUS   | 4,529   | \$11.15    | \$ 50,500  | 0.85%                             | 0.70%                | 36.89%              |
| Platinum Investor Survivor   | 43,197  | 9.19       | 396,996    | 2.62%                             | 0.40%                | 37.30%              |
| Platinum Investor Survivor II  | 12,397  | 12.12      | 150,271    | 1.33%                             | 0.75%                | 36.82%              |
| Putnam VT Small Cap Value Fund - Class IB                                |         |            |            |                                   |                      |                     |
| AG Legacy Plus   | 25,739  | 15.81      | 407,015    | 0.33%                             | 0.75%                | 48.53%              |
| Putnam VT Vista Fund - Class IB  |         |            |            |                                   |                      |                     |
| AG Legacy Plus   | 15,464  | 4.73       | 73,086     | 0.00%                             | 0.75%                | 32.17%              |
| Putnam VT Voyager Fund - Class IB  |         |            |            |                                   |                      |                     |
| AG Legacy Plus   | 48,322  | 5.52       | 266,775    | 0.37%                             | 0.75%                | 23.98%              |
| Safeco RST Core Equity Portfolio   |         |            |            |                                   |                      |                     |
| Platinum Investor I & II   | 276,177 | 8.77       | 2,421,492  | 0.89%                             | 0.75%                | 23.85%              |
| Platinum Investor III  | 63,936  | 7.64       | 488,773    | 1.08%                             | 0.70%                | 23.91%              |
| Platinum Investor PLUS   | 838     | 10.47      | 8,774      | 1.36%                             | 0.70%                | 23.91%              |
| Platinum Investor Survivor   | 32,237  | 7.31       | 235,796    | 1.04%                             | 0.40%                | 24.28%              |
| Platinum Investor Survivor II  | 187     | 9.24       | 1,733      | 1.11%                             | 0.75%                | 23.85%              |
| Safeco RST Growth Opportunities Portfolio                                |         |            |            |                                   |                      |                     |
| Corporate America  | 3,371   | 8.87       | 29,895     | 0.00%                             | 0.35%                | 42.44%              |
| Platinum Investor I & II   | 396,491 | 8.69       | 3,446,391  | 0.00%                             | 0.75%                | 41.87%              |
| Platinum Investor III  | 120,957 | 9.29       | 1,124,048  | 0.00%                             | 0.70%                | 41.95%              |
| Platinum Investor PLUS   | 3,567   | 10.04      | 35,811     | 0.00%                             | 0.70%                | 41.95%              |
| Platinum Investor Survivor   | 17,018  | 8.86       | 150,834    | 0.00%                             | 0.40%                | 42.37%              |
| Platinum Investor Survivor II  | 23,243  | 10.41      | 242,035    | 0.00%                             | 0.75%                | 41.87%              |
| Scudder VIT EAFE Equity Index Fund - Class A                             |         |            |            |                                   |                      |                     |
| Legacy Plus  | --      | 8.30       | --         | 0.00%                             | 0.75%                | 32.36%              |
| Scudder VIT Equity 500 Index Fund - Class A                              |         |            |            |                                   |                      |                     |
| Legacy Plus  | 1,670   | 9.25       | 15,448     | 1.15%                             | 0.75%                | 27.20%              |
| SunAmerica - Aggressive Growth Portfolio - Class 1                       |         |            |            |                                   |                      |                     |
| Platinum Investor I & II   | 7,575   | 9.99       | 75,636     | 0.00%                             | 0.75%                | 27.50%              |
| Platinum Investor III  | 14,418  | 9.99       | 144,087    | 0.00%                             | 0.70%                | 27.56%              |
| Platinum Investor PLUS   | 1,974   | 10.61      | 20,949     | 0.00%                             | 0.70%                | 27.56%              |
| Platinum Investor Survivor II  | 329     | 9.99       | 3,284      | 0.00%                             | 0.75%                | 27.50%              |
| SunAmerica - SunAmerica Balanced Portfolio - Class 1                     |         |            |            |                                   |                      |                     |
| Platinum Investor I & II   | 195     | 10.11      | 1,968      | 2.38%                             | 0.75%                | 14.26%              |
| Platinum Investor III  | 28,434  | 10.12      | 287,813    | 2.66%                             | 0.70%                | 14.31%              |
| Platinum Investor PLUS   | 6,452   | 10.44      | 67,366     | 3.13%                             | 0.70%                | 14.31%              |
| Platinum Investor Survivor II  | 407     | 10.11      | 4,119      | 0.00%                             | 0.75%                | 14.26%              |
| UIF Equity Growth Portfolio - Class I                                    |         |            |            |                                   |                      |                     |
| Platinum Investor I & II   | 326,206 | 9.60       | 3,130,767  | 0.00%                             | 0.75%                | 23.99%              |
| Platinum Investor III  | 66,650  | 6.44       | 429,207    | 0.00%                             | 0.70%                | 24.06%              |
| Platinum Investor PLUS   | 1,975   | 10.26      | 20,256     | 0.00%                             | 0.70%                | 24.06%              |
| Platinum Investor Survivor   | 30,141  | 6.12       | 184,561    | 0.00%                             | 0.40%                | 24.43%              |
| Platinum Investor Survivor II  | 141     | 9.06       | 1,280      | 0.00%                             | 0.75%                | 23.99%              |
| UIF High Yield Portfolio - Class I                                       |         |            |            |                                   |                      |                     |
| Platinum Investor I & II   | 126,400 | 10.25      | 1,295,523  | 0.00%                             | 0.75%                | 24.77%              |
| Platinum Investor III  | 20,941  | 10.62      | 222,461    | 0.00%                             | 0.70%                | 24.83%              |
| Platinum Investor PLUS   | 432     | 11.86      | 5,121      | 0.00%                             | 0.70%                | 24.83%              |
| Platinum Investor Survivor   | 24,802  | 9.93       | 246,395    | 0.00%                             | 0.40%                | 25.21%              |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

| Divisions                                      | Units     | Unit Value | Net Assets | Investment<br>Income<br>Ratio (a) | Expense<br>Ratio (b) | Total<br>Return (c) |
|--|-----------|------------|------------|-----------------------------------|----------------------|---------------------|
| <S>  | <C>       | <C>        | <C>        | <C>                               | <C>                  | <C>                 |
| 2003 - Continued                               |           |            |            |                                   |                      |                     |
| UIF High Yield Portfolio - Class I - Continued |           |            |            |                                   |                      |                     |
| Platinum Investor Survivor II                  | 3,683     | \$11.58    | \$ 42,672  | 0.00%                             | 0.75%                | 24.77%              |
| VALIC Company I - International Equities Fund  |           |            |            |                                   |                      |                     |
| AG Legacy Plus                                 | 14,398    | 7.02       | 101,091    | 1.46%                             | 0.75%                | 28.67%              |
| Platinum Investor I & II                       | 122,430   | 9.01       | 1,102,745  | 1.35%                             | 0.75%                | 28.67%              |
| Platinum Investor III                          | 67,471    | 7.79       | 525,299    | 1.44%                             | 0.70%                | 28.73%              |
| Platinum Investor PLUS                         | 3,724     | 10.19      | 37,962     | 2.18%                             | 0.70%                | 28.73%              |
| Platinum Investor Survivor                     | 12,165    | 6.88       | 83,664     | 1.61%                             | 0.40%                | 29.12%              |
| Platinum Investor Survivor II                  | 347       | 10.60      | 3,680      | 1.13%                             | 0.75%                | 28.67%              |
| VALIC Company I - Mid Cap Index Fund           |           |            |            |                                   |                      |                     |
| AG Legacy Plus                                 | 19,915    | 11.17      | 222,472    | 0.66%                             | 0.75%                | 34.11%              |
| Corporate America                              | 6,985     | 12.09      | 84,411     | 0.67%                             | 0.35%                | 34.65%              |
| Platinum Investor I & II                       | 473,968   | 16.56      | 7,850,709  | 0.65%                             | 0.75%                | 34.11%              |
| Platinum Investor III                          | 355,307   | 10.88      | 3,864,025  | 0.67%                             | 0.70%                | 34.18%              |
| Platinum Investor PLUS                         | 15,183    | 11.20      | 169,998    | 0.77%                             | 0.70%                | 34.18%              |
| Platinum Investor Survivor                     | 65,007    | 12.08      | 785,117    | 0.67%                             | 0.40%                | 34.58%              |
| Platinum Investor Survivor II                  | 34,488    | 12.22      | 421,438    | 0.63%                             | 0.75%                | 34.11%              |
| VALIC Company I - Money Market I Fund          |           |            |            |                                   |                      |                     |
| AG Legacy Plus                                 | 54,423    | 10.51      | 572,075    | 0.59%                             | 0.75%                | -0.15%              |
| Corporate America                              | 5,236     | 10.89      | 57,007     | 0.20%                             | 0.35%                | 0.25%               |
| Legacy Plus                                    | 1,003     | 11.07      | 11,107     | 0.60%                             | 0.75%                | -0.15%              |
| Platinum Investor I & II                       | 1,187,067 | 11.59      | 13,752,956 | 0.59%                             | 0.75%                | -0.15%              |
| Platinum Investor III                          | 1,157,750 | 10.43      | 12,072,544 | 0.64%                             | 0.70%                | -0.10%              |
| Platinum Investor PLUS                         | 98,210    | 10.02      | 983,952    | 0.77%                             | 0.70%                | -0.10%              |
| Platinum Investor Survivor                     | 380,198   | 10.88      | 4,136,738  | 0.58%                             | 0.40%                | 0.20%               |
| Platinum Investor Survivor II                  | 506,784   | 10.05      | 5,091,299  | 0.62%                             | 0.75%                | -0.15%              |
| VALIC Company I - Nasdaq-100 Index Fund        |           |            |            |                                   |                      |                     |
| Platinum Investor I & II                       | 175,463   | 4.44       | 778,806    | 0.00%                             | 0.75%                | 48.16%              |
| Platinum Investor III                          | 458,384   | 4.36       | 1,998,388  | 0.00%                             | 0.70%                | 48.24%              |
| Platinum Investor PLUS                         | 5,849     | 12.50      | 73,115     | 0.00%                             | 0.70%                | 48.24%              |
| Platinum Investor Survivor                     | 20,392    | 4.49       | 91,524     | 0.00%                             | 0.40%                | 48.68%              |
| Platinum Investor Survivor II                  | 162       | 9.41       | 1,520      | 0.00%                             | 0.75%                | 48.16%              |
| VALIC Company I - Science & Technology Fund    |           |            |            |                                   |                      |                     |
| Platinum Investor I & II                       | 49,200    | 3.95       | 194,220    | 0.00%                             | 0.75%                | 50.34%              |
| Platinum Investor III                          | 164,694   | 3.91       | 644,460    | 0.00%                             | 0.70%                | 50.42%              |
| Platinum Investor PLUS                         | 2,392     | 12.13      | 29,006     | 0.00%                             | 0.70%                | 50.42%              |
| Platinum Investor Survivor                     | 13,270    | 3.99       | 52,968     | 0.00%                             | 0.40%                | 50.87%              |
| Platinum Investor Survivor II                  | 702       | 9.11       | 6,393      | 0.00%                             | 0.75%                | 50.34%              |
| VALIC Company I - Small Cap Index Fund         |           |            |            |                                   |                      |                     |
| Corporate America                              | 4,923     | 11.46      | 56,403     | 0.54%                             | 0.35%                | 45.95%              |
| Platinum Investor I & II                       | 132,279   | 11.31      | 1,496,516  | 0.51%                             | 0.75%                | 45.37%              |
| Platinum Investor III                          | 150,669   | 11.13      | 1,677,464  | 0.50%                             | 0.70%                | 45.44%              |
| Platinum Investor PLUS                         | 7,881     | 11.78      | 92,804     | 0.50%                             | 0.70%                | 45.44%              |
| Platinum Investor Survivor                     | 26,367    | 11.44      | 301,623    | 0.51%                             | 0.40%                | 45.88%              |
| Platinum Investor Survivor II                  | 1,939     | 12.67      | 24,572     | 0.55%                             | 0.75%                | 45.37%              |
| VALIC Company I - Stock Index Fund             |           |            |            |                                   |                      |                     |
| AG Legacy Plus                                 | 40,926    | 7.61       | 311,432    | 1.31% +                           | 0.75%                | 27.24%              |
| Corporate America                              | 14,966    | 7.59       | 113,624    | 1.35% +                           | 0.35%                | 27.75%              |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

Investment  
Income      Expense      Total

| Divisions  | Units     | Unit Value | Net Assets   | Ratio (a) | Ratio (b) | Return (c) |
|--|-----------|------------|--------------|-----------|-----------|------------|
| <S>  | <C>       | <C>        | <C>          | <C>       | <C>       | <C>        |
| 2003 - Continued                                     |           |            |              |           |           |            |
| VALIC Company I - Stock Index Fund - Continued       |           |            |              |           |           |            |
| Platinum Investor I & II                             | 1,600,529 | \$10.43    | \$16,687,793 | 1.31% +   | 0.75%     | 27.24%     |
| Platinum Investor III                                | 2,468,374 | 7.89       | 19,467,096   | 1.39% +   | 0.70%     | 27.31%     |
| Platinum Investor PLUS                               | 42,167    | 10.81      | 455,713      | 1.42% +   | 0.70%     | 27.31%     |
| Platinum Investor Survivor                           | 685,168   | 7.59       | 5,198,479    | 1.33% +   | 0.40%     | 27.69%     |
| Platinum Investor Survivor II                        | 172,218   | 10.06      | 1,733,298    | 1.28% +   | 0.75%     | 27.24%     |
| Van Kampen LIT Emerging Growth Portfolio - Class I   |           |            |              |           |           |            |
| AG Legacy Plus                                       | 13,282    | 4.47       | 59,393       | 0.00%     | 0.75%     | 26.39%     |
| Van Kampen LIT Government Portfolio - Class I        |           |            |              |           |           |            |
| AG Legacy Plus                                       | 13,082    | 12.48      | 163,224      | 4.12%     | 0.75%     | 0.99%      |
| Van Kampen LIT Growth and Income Portfolio - Class I |           |            |              |           |           |            |
| Platinum Investor I & II                             | 178,503   | 10.51      | 1,876,564    | 0.86%     | 0.75%     | 27.07%     |
| Platinum Investor III                                | 155,250   | 10.52      | 1,633,472    | 0.92%     | 0.70%     | 27.14%     |
| Platinum Investor PLUS                               | 9,593     | 10.72      | 102,840      | 0.39%     | 0.70%     | 27.14%     |
| Platinum Investor Survivor                           | 15,154    | 10.57      | 160,247      | 1.05%     | 0.40%     | 27.52%     |
| Platinum Investor Survivor II                        | 4,494     | 10.51      | 47,245       | 0.19%     | 0.75%     | 27.07%     |
| Vanguard VIF High Yield Bond Portfolio               |           |            |              |           |           |            |
| Platinum Investor I & II                             | 73,461    | 11.85      | 870,269      | 5.46%     | 0.75%     | 16.00%     |
| Platinum Investor III                                | 203,425   | 11.93      | 2,427,400    | 4.89%     | 0.70%     | 16.05%     |
| Platinum Investor PLUS                               | 9,286     | 11.47      | 106,560      | 3.50%     | 0.70%     | 16.05%     |
| Platinum Investor Survivor                           | 71,234    | 11.98      | 853,280      | 6.64%     | 0.40%     | 16.40%     |
| Platinum Investor Survivor II                        | 3,152     | 11.75      | 37,022       | 4.95%     | 0.75%     | 16.00%     |
| Vanguard VIF REIT Index Portfolio                    |           |            |              |           |           |            |
| Corporate America                                    | 3,843     | 17.00      | 65,316       | 4.03% +   | 0.35%     | 35.01%     |
| Platinum Investor I & II                             | 79,522    | 16.78      | 1,334,528    | 3.21% +   | 0.75%     | 34.47%     |
| Platinum Investor III                                | 239,528   | 16.78      | 4,019,190    | 3.13% +   | 0.70%     | 34.54%     |
| Platinum Investor PLUS                               | 14,257    | 12.62      | 179,968      | 3.25% +   | 0.70%     | 34.54%     |
| Platinum Investor Survivor                           | 21,216    | 16.97      | 360,003      | 3.42% +   | 0.40%     | 34.94%     |
| Platinum Investor Survivor II                        | 9,515     | 14.62      | 139,141      | 2.95% +   | 0.75%     | 34.47%     |
| 2002   |           |            |              |           |           |            |
| AIM V.I. Capital Appreciation Fund - Series I        |           |            |              |           |           |            |
| The One VUL Solution                                 | --        | 4.77       | --           | 0.00%     | 0.75%     | -24.92%    |
| AIM V.I. International Growth Fund - Series I        |           |            |              |           |           |            |
| AG Legacy Plus                                       | 22,776    | 5.10       | 116,132      | 0.77%     | 0.75%     | -16.30%    |
| Corporate America                                    | 5,928     | 4.90       | 29,029       | 0.16%     | 0.35%     | -15.97%    |
| Platinum Investor I & II                             | 368,831   | 7.06       | 2,602,616    | 0.60%     | 0.75%     | -16.30%    |
| Platinum Investor III                                | 77,922    | 5.92       | 461,268      | 0.76%     | 0.70%     | -16.26%    |
| Platinum Investor PLUS                               | 480       | 8.19       | 3,927        | 0.81%     | 0.70%     | 0.00%      |
| Platinum Investor Survivor                           | 50,094    | 4.90       | 245,264      | 0.63%     | 0.40%     | -16.01%    |
| Platinum Investor Survivor II                        | 1,368     | 8.59       | 11,750       | 1.20%     | 0.75%     | 0.00%      |
| The One VUL Solution                                 | --        | 4.65       | --           | 1.13%     | 0.75%     | -16.31%    |
| AIM V.I. Premier Equity Fund - Series I              |           |            |              |           |           |            |
| Corporate America                                    | 6,136     | 4.75       | 29,131       | 0.07%     | 0.35%     | -30.50%    |
| Legacy Plus  | 1         | 5.27       | 3            | 0.00%     | 0.75%     | -30.78%    |
| Platinum Investor I & II                             | 957,563   | 7.63       | 7,301,703    | 0.32%     | 0.75%     | -30.78%    |
| Platinum Investor III                                | 347,063   | 5.66       | 1,965,988    | 0.44%     | 0.70%     | -30.75%    |
| Platinum Investor PLUS                               | 1,706     | 8.22       | 14,024       | 0.81%     | 0.70%     | 0.00%      |

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

| Divisions   | Units   | Unit Value | Net Assets | Investment<br>Income<br>Ratio (a) | Expense<br>Ratio (b) | Total<br>Return (c) |
|---|---------|------------|------------|-----------------------------------|----------------------|---------------------|
| <S>   | <C>     | <C>        | <C>        | <C>                               | <C>                  | <C>                 |
| 2002 - Continued                                    |         |            |            |                                   |                      |                     |
| AIM V.I. Premier Equity Fund - Series I - Continued |         |            |            |                                   |                      |                     |
| Platinum Investor Survivor                          | 105,247 | \$ 4.75    | \$ 499,599 | 0.34%                             | 0.40%                | -30.54%             |
| Platinum Investor Survivor II                       | 3,438   | 7.09       | 24,384     | 0.80%                             | 0.75%                | 0.00%               |
| American Century VP Value Fund - Class I            |         |            |            |                                   |                      |                     |
| AG Legacy Plus                                      | 32,212  | 11.59      | 373,282    | 0.85% +                           | 0.75%                | -13.27%             |
| Corporate America                                   | 5,131   | 10.56      | 54,184     | 0.56% +                           | 0.35%                | -12.93%             |
| Platinum Investor I & II                            | 180,166 | 10.47      | 1,886,100  | 0.79% +                           | 0.75%                | -13.27%             |
| Platinum Investor III                               | 221,601 | 10.40      | 2,303,966  | 0.59% +                           | 0.70%                | -13.23%             |

|   |         |       |           |         |       |         |
|---|---------|-------|-----------|---------|-------|---------|
| Platinum Investor PLUS                                    | 4,788   | 8.81  | 42,174    | 0.00%   | 0.70% | 0.00%   |
| Platinum Investor Survivor                                | 12,625  | 10.55 | 133,175   | 0.91% + | 0.40% | -12.97% |
| Platinum Investor Survivor II                             | 42,508  | 9.22  | 391,994   | 0.01% + | 0.75% | 0.00%   |
| Ayco Growth Fund  |         |       |           |         |       |         |
| Platinum Investor I & II                                  | 29,066  | 6.62  | 192,386   | 0.35%   | 0.75% | -29.83% |
| Platinum Investor III                                     | 30,148  | 6.63  | 199,755   | 0.39%   | 0.70% | -29.80% |
| Platinum Investor PLUS                                    | 1       | 8.10  | 7         | 0.00%   | 0.70% | 0.00%   |
| Platinum Investor Survivor                                | 789,598 | 6.67  | 5,264,612 | 0.32%   | 0.40% | -29.58% |
| Platinum Investor Survivor II                             | 222,735 | 7.03  | 1,566,422 | 0.72%   | 0.75% | 0.00%   |
| Credit Suisse Small Cap Growth Portfolio                  |         |       |           |         |       |         |
| Platinum Investor I & II                                  | 35,231  | 5.04  | 177,610   | 0.00%   | 0.75% | -34.19% |
| Platinum Investor III                                     | 51,587  | 4.93  | 254,477   | 0.00%   | 0.70% | -34.15% |
| Platinum Investor PLUS                                    | 871     | 7.87  | 6,859     | 0.00%   | 0.70% | 0.00%   |
| Platinum Investor Survivor                                | 3,366   | 5.08  | 17,097    | 0.00%   | 0.40% | -33.96% |
| Platinum Investor Survivor II                             | 124     | 7.47  | 929       | 0.00%   | 0.75% | 0.00%   |
| Dreyfus IP MidCap Stock Portfolio - Initial shares        |         |       |           |         |       |         |
| Platinum Investor I & II                                  | 63,006  | 8.18  | 515,639   | 0.34%   | 0.75% | -13.15% |
| Platinum Investor III                                     | 121,203 | 8.04  | 974,668   | 0.41%   | 0.70% | -13.10% |
| Platinum Investor PLUS                                    | 3,019   | 8.45  | 25,502    | 0.58%   | 0.70% | 0.00%   |
| Platinum Investor Survivor                                | 20,439  | 8.25  | 168,544   | 0.34%   | 0.40% | -12.84% |
| Platinum Investor Survivor II                             | 1,861   | 9.26  | 17,237    | 0.63%   | 0.75% | 0.00%   |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares |         |       |           |         |       |         |
| Corporate America   | 10,128  | 7.91  | 80,120    | 0.05%   | 0.35% | -19.41% |
| Platinum Investor I & II                                  | 426,312 | 9.63  | 4,107,348 | 0.05%   | 0.75% | -19.73% |
| Platinum Investor III                                     | 271,074 | 7.42  | 2,010,122 | 0.05%   | 0.70% | -19.69% |
| Platinum Investor PLUS                                    | 4,300   | 8.01  | 34,423    | 0.03%   | 0.70% | 0.00%   |
| Platinum Investor Survivor                                | 161,430 | 7.91  | 1,276,781 | 0.07%   | 0.40% | -19.45% |
| Platinum Investor Survivor II                             | 19,192  | 8.71  | 167,114   | 0.05%   | 0.75% | 0.00%   |
| Dreyfus VIF Quality Bond Portfolio - Initial shares       |         |       |           |         |       |         |
| Corporate America   | 7,235   | 12.40 | 89,712    | 4.91%   | 0.35% | 7.39%   |
| Platinum Investor I & II                                  | 434,524 | 12.47 | 5,420,598 | 4.83%   | 0.75% | 6.96%   |
| Platinum Investor III                                     | 153,439 | 11.80 | 1,811,076 | 5.31%   | 0.70% | 7.01%   |
| Platinum Investor PLUS                                    | 4,878   | 10.46 | 51,041    | 1.39%   | 0.70% | 0.00%   |
| Platinum Investor Survivor                                | 19,599  | 12.40 | 242,975   | 5.20%   | 0.40% | 7.33%   |
| Platinum Investor Survivor II                             | 3,457   | 10.52 | 36,349    | 4.29%   | 0.75% | 0.00%   |
| Fidelity VIP Asset Manager Portfolio - Service Class 2    |         |       |           |         |       |         |
| AG Legacy Plus  | 8,505   | 8.77  | 74,595    | 3.64%   | 0.75% | -9.71%  |
| Platinum Investor I & II                                  | 174,156 | 8.35  | 1,453,875 | 0.54%   | 0.75% | -9.71%  |
| Platinum Investor III                                     | 79,608  | 8.32  | 662,518   | 2.09%   | 0.70% | -9.66%  |

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

| Divisions  | Units   | Unit Value | Net Assets | Investment<br>Income<br>Ratio (a) | Expense<br>Ratio (b) | Total<br>Return (c) |
|--|---------|------------|------------|-----------------------------------|----------------------|---------------------|
| <S>  | <C>     | <C>        | <C>        | <C>                               | <C>                  | <C>                 |
| 2002 - Continued   |         |            |            |                                   |                      |                     |
| Fidelity VIP Asset Manager Portfolio - Service Class 2 - Continued |         |            |            |                                   |                      |                     |
| Platinum Investor PLUS   | 1,718   | \$ 9.51    | \$ 16,348  | 0.00%                             | 0.70%                | 0.00%               |
| Platinum Investor Survivor   | 8,463   | 8.41       | 71,189     | 2.40%                             | 0.40%                | -9.39%              |
| Platinum Investor Survivor II                                      | 4,060   | 9.30       | 37,752     | 0.00%                             | 0.75%                | 0.00%               |
| Fidelity VIP Contrafund Portfolio - Service Class 2                |         |            |            |                                   |                      |                     |
| AG Legacy Plus   | 25,788  | 8.53       | 219,877    | 0.37%                             | 0.75%                | -10.28%             |
| Corporate America  | 4,783   | 7.54       | 36,062     | 0.48%                             | 0.35%                | -9.92%              |
| Platinum Investor I & II   | 243,910 | 7.48       | 1,823,252  | 0.62%                             | 0.75%                | -10.28%             |
| Platinum Investor III  | 301,956 | 7.37       | 2,225,469  | 0.41%                             | 0.70%                | -10.24%             |
| Platinum Investor PLUS   | 4,180   | 8.82       | 36,867     | 0.00%                             | 0.70%                | 0.00%               |
| Platinum Investor Survivor   | 272,383 | 7.53       | 2,051,592  | 0.66%                             | 0.40%                | -9.97%              |
| Platinum Investor Survivor II                                      | 4,002   | 9.31       | 37,252     | 0.00%                             | 0.75%                | 0.00%               |
| Fidelity VIP Equity-Income Portfolio - Service Class 2             |         |            |            |                                   |                      |                     |
| AG Legacy Plus   | 39,899  | 7.74       | 308,675    | 1.20% +                           | 0.75%                | -17.77%             |
| Corporate America  | 17,330  | 7.89       | 136,717    | 0.96% +                           | 0.35%                | -17.44%             |
| Platinum Investor I & II   | 264,111 | 7.82       | 2,065,557  | 1.52% +                           | 0.75%                | -17.77%             |
| Platinum Investor III  | 359,047 | 7.82       | 2,809,110  | 1.23% +                           | 0.70%                | -17.73%             |

|   |         |       |           |         |       |         |
|---|---------|-------|-----------|---------|-------|---------|
| Platinum Investor PLUS  | 6,741   | 8.42  | 56,792    | 0.00%   | 0.70% | 0.00%   |
| Platinum Investor Survivor  | 262,426 | 7.88  | 2,068,007 | 1.54% + | 0.40% | -17.48% |
| Platinum Investor Survivor II   | 28,086  | 8.56  | 240,289   | 0.10%   | 0.75% | 0.00%   |
| Fidelity VIP Growth Portfolio - Service Class 2                             |         |       |           |         |       |         |
| AG Legacy Plus  | 21,662  | 6.03  | 130,618   | 0.19%   | 0.75% | -30.82% |
| Corporate America   | 4,366   | 5.09  | 22,219    | 0.10%   | 0.35% | -30.54% |
| Platinum Investor I & II  | 305,211 | 5.04  | 1,539,790 | 0.12%   | 0.75% | -30.82% |
| Platinum Investor III   | 528,324 | 4.99  | 2,638,612 | 0.10%   | 0.70% | -30.78% |
| Platinum Investor PLUS  | 6,371   | 8.04  | 51,207    | 0.00%   | 0.70% | 0.00%   |
| Platinum Investor Survivor  | 404,293 | 5.08  | 2,055,203 | 0.29%   | 0.40% | -30.57% |
| Platinum Investor Survivor II   | 30,554  | 7.15  | 218,579   | 0.00%   | 0.75% | 0.00%   |
| Franklin Templeton - Franklin Small Cap Fund - Class 2                      |         |       |           |         |       |         |
| AG Legacy Plus  | 19,916  | 4.65  | 92,656    | 0.37%   | 0.75% | -29.22% |
| The One VUL Solution  | --      | 4.23  | --        | 0.30%   | 0.75% | -29.22% |
| Franklin Templeton - Franklin U.S. Government Fund - Class 2                |         |       |           |         |       |         |
| Platinum Investor I & II  | 19,378  | 10.93 | 211,781   | 0.20%   | 0.75% | 0.00%   |
| Platinum Investor III   | 765,913 | 10.93 | 8,374,946 | 22.84%  | 0.70% | 0.00%   |
| Platinum Investor PLUS  | 1,443   | 10.58 | 15,262    | 0.00%   | 0.70% | 0.00%   |
| Platinum Investor Survivor  | 25,055  | 10.97 | 274,784   | 0.00%   | 0.40% | 0.00%   |
| Platinum Investor Survivor II   | 372     | 10.93 | 4,064     | 0.00%   | 0.75% | 0.00%   |
| Franklin Templeton - Mutual Shares Securities Fund - Class 2                |         |       |           |         |       |         |
| Platinum Investor I & II  | 12,404  | 8.76  | 108,650   | 1.85% + | 0.75% | 0.00%   |
| Platinum Investor III   | 485,325 | 8.76  | 4,253,340 | 0.00%   | 0.70% | 0.00%   |
| Platinum Investor PLUS  | 2,794   | 8.62  | 24,079    | 0.00%   | 0.70% | 0.00%   |
| Platinum Investor Survivor  | 1,068   | 8.79  | 9,384     | 0.00%   | 0.40% | 0.00%   |
| Platinum Investor Survivor II   | 8,126   | 8.76  | 71,181    | 0.76% + | 0.75% | 0.00%   |
| Franklin Templeton - Templeton Developing Markets Securities Fund - Class 2 |         |       |           |         |       |         |
| The One VUL Solution  | --      | 6.18  | --        | 2.91%   | 0.75% | -0.89%  |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2            |         |       |           |         |       |         |
| AG Legacy Plus  | 6,595   | 6.43  | 42,380    | 2.31%   | 0.75% | -19.17% |
| Platinum Investor I & II  | 7,590   | 8.04  | 61,042    | 0.76%   | 0.75% | 0.00%   |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

| Divisions  | Units   | Unit Value | Net Assets  | Investment<br>Income<br>Ratio (a) | Expense<br>Ratio (b) | Total<br>Return (c) |
|--|---------|------------|-------------|-----------------------------------|----------------------|---------------------|
| <S>  | <C>     | <C>        | <C>         | <C>                               | <C>                  | <C>                 |
| 2002 - Continued   |         |            |             |                                   |                      |                     |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2 - Continued |         |            |             |                                   |                      |                     |
| Platinum Investor III  | 517,539 | \$8.05     | \$4,164,199 | 0.01%                             | 0.70%                | 0.00%               |
| Platinum Investor PLUS   | 1,105   | 7.78       | 8,596       | 0.00%                             | 0.70%                | 0.00%               |
| Platinum Investor Survivor   | 595     | 8.07       | 4,799       | 0.00%                             | 0.40%                | 0.00%               |
| Platinum Investor Survivor II  | 9,504   | 8.04       | 76,434      | 1.64%                             | 0.75%                | 0.00%               |
| Janus Aspen Series International Growth Portfolio - Service Shares           |         |            |             |                                   |                      |                     |
| Corporate America  | 1,873   | 5.06       | 9,478       | 0.94%                             | 0.35%                | -26.02%             |
| Platinum Investor I & II   | 77,304  | 5.02       | 387,785     | 0.72%                             | 0.75%                | -26.31%             |
| Platinum Investor III  | 130,384 | 4.98       | 648,942     | 0.79%                             | 0.70%                | -26.28%             |
| Platinum Investor PLUS   | 1,057   | 7.98       | 8,431       | 0.62%                             | 0.70%                | 0.00%               |
| Platinum Investor Survivor   | 25,566  | 5.05       | 129,225     | 0.79%                             | 0.40%                | -26.05%             |
| Platinum Investor Survivor II  | 10,266  | 7.89       | 80,958      | 1.54%                             | 0.75%                | 0.00%               |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares                 |         |            |             |                                   |                      |                     |
| Corporate America  | 2,135   | 3.35       | 7,151       | 0.00%                             | 0.35%                | -28.37%             |
| Platinum Investor I & II   | 50,819  | 3.32       | 168,710     | 0.00%                             | 0.75%                | -28.66%             |
| Platinum Investor III  | 257,635 | 3.24       | 833,628     | 0.00%                             | 0.70%                | -28.62%             |
| Platinum Investor PLUS   | 1,532   | 8.45       | 12,952      | 0.00%                             | 0.70%                | 0.00%               |
| Platinum Investor Survivor   | 14,436  | 3.35       | 48,291      | 0.00%                             | 0.40%                | -28.41%             |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares               |         |            |             |                                   |                      |                     |
| Corporate America  | 8,060   | 5.14       | 41,468      | 0.79%                             | 0.35%                | -25.97%             |

|  |         |      |           |       |       |         |
|--|---------|------|-----------|-------|-------|---------|
| Platinum Investor I & II                             | 154,176 | 5.10 | 786,343   | 0.86% | 0.75% | -26.26% |
| Platinum Investor III                                | 206,199 | 5.05 | 1,041,675 | 0.76% | 0.70% | -26.23% |
| Platinum Investor PLUS                               | 1,138   | 8.07 | 9,184     | 0.70% | 0.70% | 0.00%   |
| Platinum Investor Survivor                           | 21,524  | 5.14 | 110,615   | 0.71% | 0.40% | -26.00% |
| Platinum Investor Survivor II                        | 14,644  | 7.73 | 113,257   | 0.83% | 0.75% | 0.00%   |
| JPMorgan Small Company Portfolio                     |         |      |           |       |       |         |
| Platinum Investor I & II                             | 14,260  | 6.70 | 95,522    | 0.21% | 0.75% | -22.24% |
| Platinum Investor III                                | 32,094  | 6.59 | 211,344   | 0.17% | 0.70% | -22.20% |
| Platinum Investor PLUS                               | 83      | 8.20 | 678       | 0.00% | 0.70% | 0.00%   |
| Platinum Investor Survivor                           | 1,804   | 6.75 | 12,176    | 0.26% | 0.40% | -21.96% |
| Platinum Investor Survivor II                        | 116     | 8.61 | 998       | 0.00% | 0.75% | 0.00%   |
| MFS VIT Capital Opportunities Series - Initial Class |         |      |           |       |       |         |
| Corporate America                                    | 3,029   | 4.77 | 14,449    | 0.05% | 0.35% | -29.94% |
| Platinum Investor I & II                             | 138,353 | 4.73 | 654,212   | 0.04% | 0.75% | -30.22% |
| Platinum Investor III                                | 261,521 | 4.77 | 1,246,756 | 0.05% | 0.70% | -30.18% |
| Platinum Investor PLUS                               | 1,935   | 8.03 | 15,536    | 0.00% | 0.70% | 0.00%   |
| Platinum Investor Survivor                           | 38,315  | 4.76 | 182,558   | 0.06% | 0.40% | -29.97% |
| Platinum Investor Survivor II                        | 1,984   | 7.32 | 14,526    | 0.01% | 0.75% | 0.00%   |
| MFS VIT Emerging Growth Series - Initial Class       |         |      |           |       |       |         |
| AG Legacy Plus                                       | 7,536   | 7.40 | 55,771    | 3.14% | 0.75% | -32.52% |
| Corporate America                                    | 1,471   | 3.39 | 4,984     | 0.00% | 0.35% | -33.99% |
| Platinum Investor I & II                             | 734,536 | 7.21 | 5,292,534 | 0.00% | 0.75% | -34.26% |
| Platinum Investor III                                | 407,316 | 3.81 | 1,552,389 | 0.00% | 0.70% | -34.22% |
| Platinum Investor PLUS                               | 1,418   | 8.03 | 11,383    | 0.00% | 0.70% | 0.00%   |
| Platinum Investor Survivor                           | 112,158 | 3.39 | 379,908   | 0.00% | 0.40% | -34.02% |
| Platinum Investor Survivor II                        | 978     | 6.91 | 6,758     | 0.00% | 0.75% | 0.00%   |
| MFS VIT Investors Trust Series - Initial Class       |         |      |           |       |       |         |
| The One VUL Solution                                 | --      | 6.78 | --        | 0.75% | 0.75% | -21.56% |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>  
<CAPTION>

| Divisions   | Units   | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|---|---------|------------|------------|-----------------------------|-------------------|------------------|
| <S>   | <C>     | <C>        | <C>        | <C>                         | <C>               | <C>              |
| 2002 - Continued  |         |            |            |                             |                   |                  |
| MFS VIT New Discovery Series - Initial Class            |         |            |            |                             |                   |                  |
| AG Legacy Plus  | 7,546   | \$ 5.58    | \$ 42,092  | 0.00%                       | 0.75%             | -32.14%          |
| Corporate America                                       | 3,836   | 6.03       | 23,116     | 0.00%                       | 0.35%             | -31.87%          |
| Platinum Investor I & II                                | 109,936 | 5.97       | 656,847    | 0.00%                       | 0.75%             | -32.14%          |
| Platinum Investor III                                   | 128,296 | 5.85       | 750,133    | 0.00%                       | 0.70%             | -32.11%          |
| Platinum Investor PLUS                                  | 2,463   | 7.94       | 19,562     | 0.00%                       | 0.70%             | 0.00%            |
| Platinum Investor Survivor                              | 6,447   | 6.02       | 38,816     | 0.00%                       | 0.40%             | -31.90%          |
| Platinum Investor Survivor II                           | 18,384  | 7.66       | 140,857    | 0.00%                       | 0.75%             | 0.00%            |
| MFS VIT Research Series - Initial Class                 |         |            |            |                             |                   |                  |
| Corporate America                                       | 2,002   | 5.31       | 10,636     | 0.19%                       | 0.35%             | -24.80%          |
| Platinum Investor I & II                                | 43,887  | 5.27       | 231,157    | 0.25%                       | 0.75%             | -25.10%          |
| Platinum Investor III                                   | 95,980  | 5.24       | 503,077    | 0.25%                       | 0.70%             | -25.06%          |
| Platinum Investor PLUS                                  | 444     | 8.28       | 3,676      | 0.00%                       | 0.70%             | 0.00%            |
| Platinum Investor Survivor                              | 9,598   | 5.31       | 50,938     | 0.31%                       | 0.40%             | -24.84%          |
| Platinum Investor Survivor II                           | 2,335   | 7.73       | 18,040     | 0.64%                       | 0.75%             | 0.00%            |
| MFS VIT Total Return Series - Initial Class             |         |            |            |                             |                   |                  |
| AG Legacy Plus  | 136,071 | 4.88       | 664,385    | 1.55%+                      | 0.75%             | -8.30%           |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I |         |            |            |                             |                   |                  |
| Platinum Investor I & II                                | 57,765  | 4.36       | 251,677    | 0.00%                       | 0.75%             | -29.87%          |
| Platinum Investor III                                   | 171,461 | 4.28       | 733,802    | 0.00%                       | 0.70%             | -29.83%          |
| Platinum Investor PLUS                                  | 1,371   | 7.98       | 10,937     | 0.00%                       | 0.70%             | 0.00%            |
| Platinum Investor Survivor                              | 175,271 | 4.39       | 769,462    | 0.00%                       | 0.40%             | -29.62%          |
| Platinum Investor Survivor II                           | 2,862   | 7.33       | 20,977     | 0.00%                       | 0.75%             | 0.00%            |
| Neuberger Berman AMT Partners Portfolio - Class I       |         |            |            |                             |                   |                  |
| AG Legacy Plus  | 11,767  | 7.16       | 84,258     | 0.73%                       | 0.75%             | -24.71%          |
| One Group Investment Trust Equity Index Portfolio       |         |            |            |                             |                   |                  |
| The One VUL Solution                                    | --      | 6.19       | --         | 0.00%                       | 0.75%             | -23.06%          |
| One Group Investment Trust Large Cap Growth Portfolio   |         |            |            |                             |                   |                  |

|  |         |       |           |        |       |         |
|--|---------|-------|-----------|--------|-------|---------|
| The One VUL Solution                                   | --      | 4.33  | --        | 0.00%  | 0.75% | -29.01% |
| One Group Investment Trust Mid Cap Growth Portfolio    |         |       |           |        |       |         |
| The One VUL Solution                                   | --      | 6.71  | --        | 0.00%  | 0.75% | -20.73% |
| Oppenheimer High Income Fund/VA - Non-Service Shares   |         |       |           |        |       |         |
| AG Legacy Plus   | 11,744  | 9.40  | 110,445   | 9.93%  | 0.75% | -3.12%  |
| The One VUL Solution                                   | --      | 8.41  | --        | 20.28% | 0.75% | -3.13%  |
| PIMCO VIT Real Return Portfolio - Administrative Class |         |       |           |        |       |         |
| AG Legacy Plus   | 32,681  | 11.99 | 391,822   | 4.15%+ | 0.75% | 16.92%  |
| Corporate America                                      | 3,026   | 13.17 | 39,867    | 4.70%+ | 0.35% | 0.00%   |
| Platinum Investor I & II                               | 190,024 | 13.06 | 2,481,720 | 5.95%+ | 0.75% | 16.92%  |
| Platinum Investor III                                  | 174,421 | 13.10 | 2,285,113 | 4.20%+ | 0.70% | 16.98%  |
| Platinum Investor PLUS                                 | 5,160   | 11.06 | 57,074    | 0.74%+ | 0.70% | 0.00%   |
| Platinum Investor Survivor                             | 61,007  | 13.16 | 802,807   | 4.30%+ | 0.40% | 17.33%  |
| Platinum Investor Survivor II                          | 5,707   | 11.22 | 64,033    | 4.48%+ | 0.75% | 0.00%   |
| PIMCO VIT Short-Term Portfolio - Administrative Class  |         |       |           |        |       |         |
| Corporate America                                      | 6,727   | 11.01 | 74,053    | 2.92%+ | 0.35% | 2.66%   |
| Platinum Investor I & II                               | 80,480  | 10.91 | 878,341   | 2.93%+ | 0.75% | 2.25%   |
| Platinum Investor III                                  | 86,224  | 10.92 | 941,253   | 2.89%+ | 0.70% | 2.30%   |
| Platinum Investor PLUS                                 | 560     | 10.16 | 5,689     | 0.71%+ | 0.70% | 0.00%   |
| Platinum Investor Survivor                             | 17,021  | 11.00 | 187,177   | 2.44%+ | 0.40% | 2.61%   |
| Platinum Investor Survivor II                          | 34,758  | 10.26 | 356,732   | 3.78%+ | 0.75% | 0.00%   |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

| Divisions   | Units   | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|---|---------|------------|------------|-----------------------------|-------------------|------------------|
| <S>   | <C>     | <C>        | <C>        | <C>                         | <C>               | <C>              |
| 2002 - Continued  |         |            |            |                             |                   |                  |
| PIMCO VIT Total Return Portfolio - Administrative Class   |         |            |            |                             |                   |                  |
| AG Legacy Plus  | 25,099  | \$11.45    | \$ 287,373 | 4.25%+                      | 0.75%             | 8.27%            |
| Corporate America   | 4,850   | 12.10      | 58,703     | 4.47%+                      | 0.35%             | 8.71%            |
| Platinum Investor I & II                                  | 276,366 | 12.00      | 3,315,961  | 4.25%+                      | 0.75%             | 8.27%            |
| Platinum Investor III                                     | 301,969 | 12.05      | 3,639,057  | 4.27%+                      | 0.70%             | 8.33%            |
| Platinum Investor PLUS                                    | 4,990   | 10.50      | 52,417     | 1.45%+                      | 0.70%             | 0.00%            |
| Platinum Investor Survivor                                | 51,588  | 12.09      | 623,682    | 3.98%+                      | 0.40%             | 8.65%            |
| Platinum Investor Survivor II                             | 43,725  | 10.61      | 464,046    | 5.29%+                      | 0.75%             | 0.00%            |
| Putnam VT Diversified Income Fund - Class IB              |         |            |            |                             |                   |                  |
| AG Legacy Plus  | 7,901   | 10.62      | 83,918     | 8.29%                       | 0.75%             | 5.11%            |
| Corporate America   | 190,178 | 10.76      | 2,046,636  | 5.68%                       | 0.35%             | 5.53%            |
| Platinum Investor I & II                                  | 100,097 | 10.26      | 1,026,852  | 9.81%                       | 0.75%             | 5.11%            |
| Platinum Investor III                                     | 34,162  | 10.98      | 375,082    | 7.36%                       | 0.70%             | 5.17%            |
| Platinum Investor PLUS                                    | 246     | 10.18      | 2,502      | 0.00%                       | 0.70%             | 0.00%            |
| Platinum Investor Survivor                                | 4,759   | 10.76      | 51,212     | 8.76%                       | 0.40%             | 5.48%            |
| Putnam VT Growth and Income Fund - Class IB               |         |            |            |                             |                   |                  |
| Corporate America   | 234,304 | 8.01       | 1,875,663  | 1.01%+                      | 0.35%             | -19.27%          |
| Platinum Investor I & II                                  | 556,852 | 8.36       | 4,655,525  | 1.65%+                      | 0.75%             | -19.59%          |
| Platinum Investor III                                     | 326,752 | 7.54       | 2,464,769  | 1.35%+                      | 0.70%             | -19.55%          |
| Platinum Investor PLUS                                    | 3,645   | 8.44       | 30,768     | 0.00%                       | 0.70%             | 0.00%            |
| Platinum Investor Survivor                                | 68,750  | 8.00       | 550,273    | 1.54%+                      | 0.40%             | -19.31%          |
| Platinum Investor Survivor II                             | 2,240   | 8.29       | 18,571     | 0.00%                       | 0.75%             | 0.00%            |
| Putnam VT International Growth and Income Fund - Class IB |         |            |            |                             |                   |                  |
| Platinum Investor I & II                                  | 235,399 | 7.84       | 1,844,874  | 0.53%                       | 0.75%             | -14.41%          |
| Platinum Investor III                                     | 135,756 | 6.93       | 940,907    | 0.51%                       | 0.70%             | -14.37%          |
| Platinum Investor PLUS                                    | 682     | 8.15       | 5,553      | 0.00%                       | 0.70%             | 0.00%            |
| Platinum Investor Survivor                                | 230,768 | 6.69       | 1,544,705  | 0.76%                       | 0.40%             | -14.11%          |
| Platinum Investor Survivor II                             | 12,013  | 8.86       | 106,432    | 0.53%                       | 0.75%             | 0.00%            |
| Putnam VT Small Cap Value Fund - Class IB                 |         |            |            |                             |                   |                  |
| AG Legacy Plus  | 24,600  | 10.65      | 261,902    | 0.23%+                      | 0.75%             | -18.88%          |
| Putnam VT Vista Fund - Class IB                           |         |            |            |                             |                   |                  |
| AG Legacy Plus  | 14,678  | 3.58       | 52,485     | 0.00%                       | 0.75%             | -31.12%          |
| The One VUL Solution                                      | --      | 3.97       | --         | 0.00%                       | 0.75%             | -31.12%          |

|   |         |      |           |       |       |         |  |
|---|---------|------|-----------|-------|-------|---------|--|
| Putnam VT Voyager Fund - Class IB         |         |      |           |       |       |         |  |
| AG Legacy Plus                            | 47,406  | 4.45 | 211,102   | 0.59% | 0.75% | -27.08% |  |
| Safeco RST Core Equity Portfolio          |         |      |           |       |       |         |  |
| Platinum Investor I & II                  | 332,477 | 7.08 | 2,353,833 | 0.83% | 0.75% | -26.46% |  |
| Platinum Investor III                     | 48,012  | 6.17 | 296,218   | 1.53% | 0.70% | -26.43% |  |
| Platinum Investor PLUS                    | 291     | 8.45 | 2,455     | 1.58% | 0.70% | 0.00%   |  |
| Platinum Investor Survivor                | 27,186  | 5.89 | 160,003   | 1.28% | 0.40% | -26.20% |  |
| Platinum Investor Survivor II             | 145     | 7.46 | 1,081     | 2.53% | 0.75% | 0.00%   |  |
| Safeco RST Growth Opportunities Portfolio |         |      |           |       |       |         |  |
| Corporate America                         | 3,445   | 6.23 | 21,447    | 0.00% | 0.35% | -37.89% |  |
| Platinum Investor I & II                  | 445,419 | 6.13 | 2,728,943 | 0.00% | 0.75% | -38.14% |  |
| Platinum Investor III                     | 105,618 | 6.55 | 691,469   | 0.00% | 0.70% | -38.11% |  |
| Platinum Investor PLUS                    | 1,743   | 7.07 | 12,330    | 0.00% | 0.70% | 0.00%   |  |
| Platinum Investor Survivor                | 30,017  | 6.23 | 186,867   | 0.00% | 0.40% | -37.92% |  |
| Platinum Investor Survivor II             | 12,647  | 7.34 | 92,822    | 0.00% | 0.75% | 0.00%   |  |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

| Divisions  | Units   | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|--|---------|------------|------------|-----------------------------|-------------------|------------------|
| <S>  | <C>     | <C>        | <C>        | <C>                         | <C>               | <C>              |
| 2002 - Continued                                     |         |            |            |                             |                   |                  |
| Scudder International Portfolio                      |         |            |            |                             |                   |                  |
| The One VUL Solution                                 | --      | \$ 5.42    | \$ --      | 0.87%                       | 0.75%             | -14.13%          |
| Scudder Small Cap Value Portfolio                    |         |            |            |                             |                   |                  |
| The One VUL Solution                                 | --      | 10.75      | --         | 0.79%                       | 0.75%             | -12.01%          |
| Scudder VIT EAFE Equity Index Fund - Class A         |         |            |            |                             |                   |                  |
| Legacy Plus  | --      | 6.27       | --         | 0.00%                       | 0.75%             | -22.13%          |
| Scudder VIT Equity 500 Index Fund - Class A          |         |            |            |                             |                   |                  |
| Legacy Plus  | 1,610   | 7.27       | 11,703     | 0.15%                       | 0.75%             | -22.86%          |
| SunAmerica - Aggressive Growth Portfolio - Class 1   |         |            |            |                             |                   |                  |
| Platinum Investor I & II                             | 108     | 7.83       | 842        | 0.00%                       | 0.75%             | 0.00%            |
| Platinum Investor III                                | 2,070   | 7.83       | 16,214     | 0.24%                       | 0.70%             | 0.00%            |
| Platinum Investor PLUS                               | 124     | 8.32       | 1,030      | 0.00%                       | 0.70%             | 0.00%            |
| SunAmerica - SunAmerica Balanced Portfolio - Class 1 |         |            |            |                             |                   |                  |
| Platinum Investor I & II                             | 16      | 8.85       | 143        | 0.00%                       | 0.75%             | 0.00%            |
| Platinum Investor III                                | 8,391   | 8.85       | 74,301     | 2.13%                       | 0.70%             | 0.00%            |
| Platinum Investor PLUS                               | 2,001   | 9.13       | 18,277     | 0.00%                       | 0.70%             | 0.00%            |
| UIF Equity Growth Portfolio - Class I                |         |            |            |                             |                   |                  |
| Legacy Plus  | --      | 7.69       | --         | 0.00%                       | 0.75%             | -28.40%          |
| Platinum Investor I & II                             | 381,798 | 7.74       | 2,955,218  | 0.15%                       | 0.75%             | -28.40%          |
| Platinum Investor III                                | 49,604  | 5.19       | 257,495    | 0.22%                       | 0.70%             | -28.37%          |
| Platinum Investor PLUS                               | 133     | 8.27       | 1,099      | 0.36%                       | 0.70%             | 0.00%            |
| Platinum Investor Survivor                           | 49,021  | 4.92       | 241,240    | 0.17%                       | 0.40%             | -28.15%          |
| Platinum Investor Survivor II                        | 99      | 7.31       | 726        | 0.00%                       | 0.75%             | 0.00%            |
| UIF High Yield Portfolio - Class I                   |         |            |            |                             |                   |                  |
| Platinum Investor I & II                             | 128,628 | 8.21       | 1,056,625  | 7.67%                       | 0.75%             | -7.96%           |
| Platinum Investor III                                | 13,440  | 8.51       | 114,370    | 10.10%                      | 0.70%             | -7.92%           |
| Platinum Investor PLUS                               | 0       | 9.50       | 1          | 0.00%                       | 0.70%             | 0.00%            |
| Platinum Investor Survivor                           | 23,236  | 7.93       | 184,358    | 8.91%                       | 0.40%             | -7.64%           |
| Platinum Investor Survivor II                        | 2,195   | 9.28       | 20,376     | 19.91%                      | 0.75%             | 0.00%            |
| VALIC Company I - International Equities Fund        |         |            |            |                             |                   |                  |
| AG Legacy Plus                                       | 11,056  | 5.46       | 60,328     | 0.64%                       | 0.75%             | -19.40%          |
| Platinum Investor I & II                             | 133,568 | 7.00       | 935,013    | 0.36%                       | 0.75%             | -19.40%          |
| Platinum Investor III                                | 43,063  | 6.05       | 260,439    | 0.40%                       | 0.70%             | -19.36%          |
| Platinum Investor PLUS                               | 57      | 7.92       | 453        | 0.00%                       | 0.70%             | 0.00%            |
| Platinum Investor Survivor                           | 13,500  | 5.33       | 71,906     | 0.42%                       | 0.40%             | -19.11%          |
| Platinum Investor Survivor II                        | 280     | 8.24       | 2,305      | 0.93%                       | 0.75%             | 0.00%            |
| VALIC Company I - Mid Cap Index Fund                 |         |            |            |                             |                   |                  |
| AG Legacy Plus                                       | 17,425  | 8.33       | 145,149    | 0.99%                       | 0.75%             | -15.54%          |
| Corporate America                                    | 7,522   | 8.98       | 67,512     | 0.64%                       | 0.35%             | -15.20%          |
| Platinum Investor I & II                             | 479,617 | 12.35      | 5,923,609  | 0.70%                       | 0.75%             | -15.54%          |
| Platinum Investor III                                | 229,906 | 8.10       | 1,863,384  | 0.72%                       | 0.70%             | -15.50%          |
| Platinum Investor PLUS                               | 2,609   | 8.34       | 21,775     | 0.27%                       | 0.70%             | 0.00%            |
| Platinum Investor Survivor                           | 60,525  | 8.97       | 543,149    | 0.73%                       | 0.40%             | -15.24%          |

|                                       |           |       |            |       |       |       |
|---------------------------------------|-----------|-------|------------|-------|-------|-------|
| Platinum Investor Survivor II         | 19,511    | 9.11  | 177,774    | 0.87% | 0.75% | 0.00% |
| VALIC Company I - Money Market I Fund |           |       |            |       |       |       |
| AG Legacy Plus                        | 47,333    | 10.53 | 498,304    | 1.45% | 0.75% | 0.49% |
| Corporate America                     | 28,915    | 10.86 | 314,038    | 0.40% | 0.35% | 0.89% |
| Legacy Plus                           | 977       | 11.09 | 10,830     | 0.61% | 0.75% | 0.49% |
| Platinum Investor I & II              | 1,576,362 | 11.60 | 18,291,099 | 1.32% | 0.75% | 0.49% |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

| Divisions  | Units     | Unit Value | Net Assets   | Investment<br>Income<br>Ratio (a) | Expenses<br>Ratio (b) | Total<br>Return (c) |
|--|-----------|------------|--------------|-----------------------------------|-----------------------|---------------------|
| <S>  | <C>       | <C>        | <C>          | <C>                               | <C>                   | <C>                 |
| 2002 - Continued                                     |           |            |              |                                   |                       |                     |
| VALIC Company I - Money Market I Fund - Continued    |           |            |              |                                   |                       |                     |
| Platinum Investor III                                | 1,248,697 | \$10.44    | \$13,034,287 | 1.00%                             | 0.70%                 | 0.54%               |
| Platinum Investor PLUS                               | 14,815    | 10.03      | 148,586      | 0.65%                             | 0.70%                 | 0.00%               |
| Platinum Investor Survivor                           | 411,443   | 10.86      | 4,467,881    | 1.33%                             | 0.40%                 | 0.84%               |
| Platinum Investor Survivor II                        | 514,618   | 10.06      | 5,177,910    | 1.05%                             | 0.75%                 | 0.49%               |
| The One VUL Solution                                 | --        | 10.82      | --           | 0.00%                             | 0.75%                 | 0.49%               |
| VALIC Company I - Nasdaq-100 Index Fund              |           |            |              |                                   |                       |                     |
| Platinum Investor I & II                             | 88,041    | 3.00       | 263,750      | 0.00%                             | 0.75%                 | -38.72%             |
| Platinum Investor III                                | 337,089   | 2.94       | 991,382      | 0.00%                             | 0.70%                 | -38.69%             |
| Platinum Investor PLUS                               | 457       | 8.43       | 3,855        | 0.00%                             | 0.70%                 | 0.00%               |
| Platinum Investor Survivor                           | 10,382    | 3.02       | 31,341       | 0.00%                             | 0.40%                 | -38.50%             |
| VALIC Company I - Science & Technology Fund          |           |            |              |                                   |                       |                     |
| Platinum Investor I & II                             | 33,591    | 2.63       | 88,200       | 0.00%                             | 0.75%                 | -40.66%             |
| Platinum Investor III                                | 119,566   | 2.60       | 311,051      | 0.00%                             | 0.70%                 | -40.63%             |
| Platinum Investor PLUS                               | 48        | 8.06       | 387          | 0.00%                             | 0.70%                 | 0.00%               |
| Platinum Investor Survivor                           | 6,981     | 2.65       | 18,470       | 0.00%                             | 0.40%                 | -40.45%             |
| Platinum Investor Survivor II                        | 506       | 6.06       | 3,062        | 0.00%                             | 0.75%                 | 0.00%               |
| VALIC Company I - Small Cap Index Fund               |           |            |              |                                   |                       |                     |
| Corporate America                                    | 3,525     | 7.85       | 27,671       | 1.27%                             | 0.35%                 | -21.10%             |
| Platinum Investor I & II                             | 101,961   | 7.78       | 793,503      | 1.37%                             | 0.75%                 | -21.41%             |
| Platinum Investor III                                | 89,617    | 7.65       | 686,001      | 0.98%                             | 0.70%                 | -21.37%             |
| Platinum Investor PLUS                               | 1,298     | 8.10       | 10,508       | 0.65%                             | 0.70%                 | 0.00%               |
| Platinum Investor Survivor                           | 20,366    | 7.84       | 159,702      | 1.03%                             | 0.40%                 | -21.14%             |
| Platinum Investor Survivor II                        | 1,287     | 8.72       | 11,216       | 0.91%                             | 0.75%                 | 0.00%               |
| VALIC Company I - Stock Index Fund                   |           |            |              |                                   |                       |                     |
| AG Legacy Plus                                       | 52,528    | 5.98       | 314,131      | 1.85%                             | 0.75%                 | -23.01%             |
| Corporate America                                    | 13,034    | 5.94       | 77,457       | 1.03%                             | 0.35%                 | -22.70%             |
| Platinum Investor I & II                             | 1,712,769 | 8.19       | 14,034,484   | 1.18%                             | 0.75%                 | -23.01%             |
| Platinum Investor III                                | 1,643,626 | 6.19       | 10,182,125   | 1.35%                             | 0.70%                 | -22.98%             |
| Platinum Investor PLUS                               | 1,898     | 8.49       | 16,117       | 0.56%                             | 0.70%                 | 0.00%               |
| Platinum Investor Survivor                           | 564,353   | 5.94       | 3,353,318    | 1.24%                             | 0.40%                 | -22.74%             |
| Platinum Investor Survivor II                        | 80,956    | 7.91       | 640,336      | 2.27%                             | 0.75%                 | 0.00%               |
| Van Kampen LIT Emerging Growth Portfolio - Class I   |           |            |              |                                   |                       |                     |
| AG Legacy Plus                                       | 20,181    | 3.54       | 71,398       | 0.31%                             | 0.75%                 | -32.99%             |
| The One VUL Solution                                 | --        | 3.49       | --           | 0.40%                             | 0.75%                 | -32.99%             |
| Van Kampen LIT Government Portfolio - Class I        |           |            |              |                                   |                       |                     |
| AG Legacy Plus                                       | 11,024    | 12.36      | 136,202      | 2.14%                             | 0.75%                 | 8.80%               |
| Van Kampen LIT Growth and Income Portfolio - Class I |           |            |              |                                   |                       |                     |
| Platinum Investor I & II                             | 154,511   | 8.27       | 1,278,271    | 2.59%                             | 0.75%                 | 0.00%               |
| Platinum Investor III                                | 77,747    | 8.28       | 643,529      | 1.74%                             | 0.70%                 | 0.00%               |
| Platinum Investor PLUS                               | 1,758     | 8.43       | 14,822       | 0.00%                             | 0.70%                 | 0.00%               |
| Platinum Investor Survivor                           | 19,931    | 8.29       | 165,277      | 2.74%                             | 0.40%                 | 0.00%               |
| Platinum Investor Survivor II                        | 451       | 8.27       | 3,734        | 0.00%                             | 0.75%                 | 0.00%               |
| Vanguard VIF High Yield Bond Portfolio               |           |            |              |                                   |                       |                     |
| Platinum Investor I & II                             | 45,524    | 10.21      | 464,933      | 4.37%                             | 0.75%                 | 0.78%               |
| Platinum Investor III                                | 110,201   | 10.28      | 1,133,078    | 5.72%                             | 0.70%                 | 0.84%               |
| Platinum Investor PLUS                               | 1,974     | 9.89       | 19,522       | 0.00%                             | 0.70%                 | 0.00%               |
| Platinum Investor Survivor                           | 58,997    | 10.29      | 607,114      | 8.53%                             | 0.40%                 | 1.14%               |
| Platinum Investor Survivor II                        | 1,345     | 10.13      | 13,622       | 0.00%                             | 0.75%                 | 0.00%               |

</TABLE>

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Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

| Divisions   | Units   | Unit Value | Net Assets | Investment<br>Income<br>Ratio (a) | Expenses<br>Ratio (b) | Total<br>Return (c) |
|---|---------|------------|------------|-----------------------------------|-----------------------|---------------------|
| <S>   | <C>     | <C>        | <C>        | <C>                               | <C>                   | <C>                 |
| 2002 - Continued  |         |            |            |                                   |                       |                     |
| Vanguard VIF REIT Index Portfolio                         |         |            |            |                                   |                       |                     |
| Corporate America   | 4,485   | \$12.59    | \$ 56,465  | 2.61%+                            | 0.35%                 | 3.17%               |
| Platinum Investor I & II                                  | 70,827  | 12.48      | 883,918    | 1.54%+                            | 0.75%                 | 2.76%               |
| Platinum Investor III                                     | 157,740 | 12.47      | 1,967,344  | 3.53%+                            | 0.70%                 | 2.81%               |
| Platinum Investor PLUS                                    | 5,814   | 9.38       | 54,551     | 0.00%                             | 0.70%                 | 0.00%               |
| Platinum Investor Survivor                                | 18,253  | 12.57      | 229,533    | 3.64%+                            | 0.40%                 | 3.12%               |
| Platinum Investor Survivor II                             | 5,625   | 10.87      | 61,169     | 0.00%                             | 0.75%                 | 0.00%               |
| 2001  |         |            |            |                                   |                       |                     |
| AIM V.I. Capital Appreciation Fund - Series I             |         |            |            |                                   |                       |                     |
| The One VUL Solution                                      | 766     | 6.36       | 4,870      | 0.00%                             | 0.75%                 | -23.86%             |
| AIM V.I. International Growth Fund - Series I             |         |            |            |                                   |                       |                     |
| AG Legacy Plus  | 13,238  | 6.09       | 80,644     | 0.60%                             | 0.75%                 | -24.11%             |
| Corporate America   | 36,330  | 5.83       | 211,710    | 0.42%                             | 0.35%                 | -21.33%             |
| Platinum Investor I & II                                  | 356,170 | 8.43       | 3,002,893  | 0.30%                             | 0.75%                 | -24.11%             |
| Platinum Investor III                                     | 43,539  | 7.07       | 307,788    | 0.62%                             | 0.70%                 | -22.63%             |
| Platinum Investor Survivor                                | 52,572  | 5.83       | 306,461    | 0.34%                             | 0.40%                 | -23.84%             |
| The One VUL Solution                                      | 174     | 5.56       | 966        | 0.41%                             | 0.75%                 | -24.11%             |
| AIM V.I. Premier Equity Fund - Series I                   |         |            |            |                                   |                       |                     |
| Corporate America   | 47,372  | 6.83       | 323,619    | 0.17%                             | 0.35%                 | -12.02%             |
| Legacy Plus   | 15,448  | 7.61       | 117,549    | 0.13%                             | 0.75%                 | -3.49%              |
| Platinum Investor I & II                                  | 983,406 | 11.02      | 10,833,308 | 0.12%                             | 0.75%                 | -13.22%             |
| Platinum Investor III                                     | 179,841 | 8.18       | 1,471,008  | 0.25%                             | 0.70%                 | -12.13%             |
| Platinum Investor Survivor                                | 104,033 | 6.83       | 710,934    | 0.15%                             | 0.40%                 | -12.91%             |
| American Century VP Value Fund - Class I                  |         |            |            |                                   |                       |                     |
| AG Legacy Plus  | 19,195  | 13.36      | 256,488    | 0.11%                             | 0.75%                 | 11.97%              |
| Corporate America   | 2,361   | 12.13      | 28,631     | 0.00%                             | 0.35%                 | 7.59%               |
| Platinum Investor I & II                                  | 111,235 | 12.07      | 1,342,709  | 0.04%                             | 0.75%                 | 12.85%              |
| Platinum Investor III                                     | 53,553  | 11.98      | 641,684    | 0.04%                             | 0.70%                 | 13.41%              |
| Platinum Investor Survivor                                | 7,351   | 12.12      | 89,101     | 0.00%                             | 0.40%                 | 12.40%              |
| Ayco Growth Fund  |         |            |            |                                   |                       |                     |
| Platinum Investor I & II                                  | 21,904  | 9.43       | 206,620    | 0.64%                             | 0.75%                 | -2.99%              |
| Platinum Investor III                                     | 17,986  | 9.44       | 169,749    | 0.64%                             | 0.70%                 | -0.51%              |
| Platinum Investor Survivor                                | 689,142 | 9.47       | 6,525,212  | 0.31%                             | 0.40%                 | -14.80%             |
| Credit Suisse Small Cap Growth Portfolio                  |         |            |            |                                   |                       |                     |
| Platinum Investor I & II                                  | 27,893  | 7.66       | 213,657    | 0.00%                             | 0.75%                 | -3.32%              |
| Platinum Investor III                                     | 26,246  | 7.49       | 196,626    | 0.00%                             | 0.70%                 | -14.59%             |
| Platinum Investor Survivor                                | 5,976   | 7.69       | 45,963     | 0.00%                             | 0.40%                 | -16.35%             |
| Dreyfus IP MidCap Stock Portfolio - Initial shares        |         |            |            |                                   |                       |                     |
| Platinum Investor I & II                                  | 40,853  | 9.42       | 384,960    | 0.31%                             | 0.75%                 | -3.99%              |
| Platinum Investor III                                     | 47,522  | 9.25       | 439,789    | 0.30%                             | 0.70%                 | 2.31%               |
| Platinum Investor Survivor                                | 10,698  | 9.46       | 101,217    | 0.32%                             | 0.40%                 | -3.65%              |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares |         |            |            |                                   |                       |                     |
| Corporate America   | 39,148  | 9.82       | 384,247    | 0.45%                             | 0.35%                 | -0.64%              |
| Platinum Investor I & II                                  | 503,048 | 12.00      | 6,037,816  | 0.43%                             | 0.75%                 | -6.82%              |
| Platinum Investor III                                     | 131,447 | 9.23       | 1,213,678  | 0.49%                             | 0.70%                 | -7.14%              |
| Platinum Investor Survivor                                | 58,732  | 9.82       | 576,659    | 0.51%                             | 0.40%                 | -6.49%              |
| Dreyfus VIF Quality Bond Portfolio - Initial shares       |         |            |            |                                   |                       |                     |
| Corporate America   | 22,578  | 11.55      | 260,682    | 5.11%                             | 0.35%                 | 4.85%               |

</TABLE>

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Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

| Divisions  | Units   | Unit Value | Net Assets  | Investment<br>Income<br>Ratio (a) | Expenses<br>Ratio (b) | Total<br>Return (c) |
|--|---------|------------|-------------|-----------------------------------|-----------------------|---------------------|
| <S>  | <C>     | <C>        | <C>         | <C>                               | <C>                   | <C>                 |
| 2001 - Continued   |         |            |             |                                   |                       |                     |
| Dreyfus VIF Quality Bond Portfolio - Initial<br>shares - Continued             |         |            |             |                                   |                       |                     |
| Platinum Investor I & II   | 660,282 | \$11.66    | \$7,700,907 | 6.17%                             | 0.75%                 | 5.89%               |
| Platinum Investor III  | 76,533  | 11.03      | 844,136     | 5.11%                             | 0.70%                 | 3.67%               |
| Platinum Investor Survivor   | 21,483  | 11.55      | 248,130     | 4.94%                             | 0.40%                 | 6.26%               |
| Fidelity VIP Asset Manager Portfolio - Service Class 2                         |         |            |             |                                   |                       |                     |
| AG Legacy Plus   | 1,530   | 9.71       | 14,862      | 0.00%                             | 0.75%                 | 7.29%               |
| Platinum Investor I & II   | 12,000  | 9.25       | 110,946     | 0.00%                             | 0.75%                 | 2.78%               |
| Platinum Investor III  | 22,872  | 9.21       | 210,711     | 1.26%                             | 0.70%                 | -4.25%              |
| Platinum Investor Survivor   | 3,038   | 9.28       | 28,207      | 0.41%                             | 0.40%                 | -4.77%              |
| Fidelity VIP Contrafund Portfolio - Service Class 2                            |         |            |             |                                   |                       |                     |
| AG Legacy Plus   | 6,070   | 9.50       | 57,689      | 0.00%                             | 0.75%                 | 7.01%               |
| Corporate America  | 2,132   | 8.37       | 17,848      | 0.00%                             | 0.35%                 | -4.15%              |
| Platinum Investor I & II   | 94,909  | 8.33       | 790,743     | 0.09%                             | 0.75%                 | -10.27%             |
| Platinum Investor III  | 89,776  | 8.21       | 737,107     | 0.01%                             | 0.70%                 | -8.21%              |
| Platinum Investor Survivor   | 274,354 | 8.37       | 2,295,149   | 0.01%                             | 0.40%                 | -12.82%             |
| Fidelity VIP Equity-Income Portfolio - Service Class 2                         |         |            |             |                                   |                       |                     |
| AG Legacy Plus   | 16,085  | 9.41       | 151,336     | 0.00%                             | 0.75%                 | -2.82%              |
| Corporate America  | 6,677   | 9.56       | 63,802      | 0.00%                             | 0.35%                 | -6.16%              |
| Platinum Investor I & II   | 181,214 | 9.51       | 1,723,532   | 0.03%                             | 0.75%                 | -5.94%              |
| Platinum Investor III  | 153,352 | 9.51       | 1,458,364   | 0.08%                             | 0.70%                 | -4.21%              |
| Platinum Investor Survivor   | 260,014 | 9.55       | 2,483,113   | 0.03%                             | 0.40%                 | -5.61%              |
| Fidelity VIP Growth Portfolio - Service Class 2                                |         |            |             |                                   |                       |                     |
| AG Legacy Plus   | 8,893   | 8.72       | 77,514      | 0.00%                             | 0.75%                 | 15.79%              |
| Corporate America  | 2,078   | 7.33       | 15,225      | 0.00%                             | 0.35%                 | -10.33%             |
| Platinum Investor I & II   | 193,357 | 7.29       | 1,410,013   | 0.01%                             | 0.75%                 | -18.48%             |
| Platinum Investor III  | 221,929 | 7.22       | 1,601,302   | 0.00%                             | 0.70%                 | -14.92%             |
| Platinum Investor Survivor   | 40,690  | 7.32       | 297,940     | 0.01%                             | 0.40%                 | -18.20%             |
| Franklin Templeton - Franklin Small Cap Fund - Class 2                         |         |            |             |                                   |                       |                     |
| AG Legacy Plus   | 6,998   | 6.57       | 45,997      | 0.33%                             | 0.75%                 | -15.89%             |
| The One VUL Solution   | 909     | 5.97       | 5,427       | 0.40%                             | 0.75%                 | -15.89%             |
| Franklin Templeton - Templeton Developing Markets<br>Securities Fund - Class 2 |         |            |             |                                   |                       |                     |
| The One VUL Solution   | 335     | 6.24       | 2,088       | 1.14%                             | 0.75%                 | -8.77%              |
| Franklin Templeton - Templeton Foreign Securities<br>Fund - Class 2            |         |            |             |                                   |                       |                     |
| AG Legacy Plus   | 1,036   | 7.95       | 8,238       | 5.44%                             | 0.75%                 | -16.63%             |
| Janus Aspen Series International Growth<br>Portfolio - Service Shares          |         |            |             |                                   |                       |                     |
| Corporate America  | 835     | 6.84       | 5,714       | 0.69%                             | 0.35%                 | -14.91%             |
| Platinum Investor I & II   | 63,776  | 6.81       | 434,164     | 1.01%                             | 0.75%                 | -24.01%             |
| Platinum Investor III  | 66,264  | 6.75       | 447,356     | 0.79%                             | 0.70%                 | -23.85%             |
| Platinum Investor Survivor   | 24,722  | 6.84       | 168,986     | 1.20%                             | 0.40%                 | -23.74%             |
| Janus Aspen Series Mid Cap Growth Portfolio - Service<br>Shares                |         |            |             |                                   |                       |                     |
| Corporate America  | 2,288   | 4.68       | 10,698      | 0.00%                             | 0.35%                 | -19.52%             |
| Platinum Investor I & II   | 32,312  | 4.65       | 150,356     | 0.00%                             | 0.75%                 | -40.04%             |
| Platinum Investor III  | 129,640 | 4.53       | 587,668     | 0.00%                             | 0.70%                 | -35.87%             |
| Platinum Investor Survivor   | 13,411  | 4.67       | 62,664      | 0.00%                             | 0.40%                 | -39.83%             |
| Janus Aspen Series Worldwide Growth Portfolio - Service<br>Shares              |         |            |             |                                   |                       |                     |
| Corporate America  | 4,448   | 6.95       | 30,911      | 0.26%                             | 0.35%                 | -14.84%             |
| Platinum Investor I & II   | 51,950  | 6.92       | 359,328     | 0.51%                             | 0.75%                 | -23.20%             |
| Platinum Investor III  | 89,664  | 6.85       | 613,987     | 0.31%                             | 0.70%                 | -22.64%             |
| Platinum Investor Survivor   | 13,910  | 6.95       | 96,604      | 0.29%                             | 0.40%                 | -22.93%             |

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

| <TABLE><br><CAPTION> | Investment<br>Income | Expense | Total |
|----------------------|----------------------|---------|-------|
|----------------------|----------------------|---------|-------|

| Divisions   | Units   | Unit Value | Net Assets | Ratio (a) | Ratio (b) | Return (c) |
|---|---------|------------|------------|-----------|-----------|------------|
| <S>   | <C>     | <C>        | <C>        | <C>       | <C>       | <C>        |
| 2001 - Continued  |         |            |            |           |           |            |
| JPMorgan Small Company Portfolio                        |         |            |            |           |           |            |
| Platinum Investor I & II                                | 12,062  | \$ 8.61    | \$ 103,902 | 0.01%     | 0.75%     | -8.72%     |
| Platinum Investor III                                   | 9,804   | 8.46       | 82,981     | 0.01%     | 0.70%     | -8.11%     |
| Platinum Investor Survivor                              | 1,956   | 8.65       | 16,915     | 0.03%     | 0.40%     | -8.40%     |
| MFS VIT Capital Opportunities Series - Initial Class    |         |            |            |           |           |            |
| Corporate America                                       | 3,218   | 6.81       | 21,907     | 0.01%     | 0.35%     | -6.96%     |
| Platinum Investor I & II                                | 90,744  | 6.78       | 614,880    | 0.01%     | 0.75%     | -24.06%    |
| Platinum Investor III                                   | 121,140 | 6.83       | 827,153    | 0.00%     | 0.70%     | -22.19%    |
| Platinum Investor Survivor                              | 18,664  | 6.80       | 126,985    | 0.00%     | 0.40%     | -23.79%    |
| MFS VIT Emerging Growth Series - Initial Class          |         |            |            |           |           |            |
| AG Legacy Plus  | 4,501   | 10.97      | 49,365     | 1.78%     | 0.75%     | -0.51%     |
| Corporate America                                       | 1,597   | 5.13       | 8,196      | 0.00%     | 0.35%     | -14.85%    |
| Platinum Investor I & II                                | 718,589 | 10.96      | 7,875,453  | 0.00%     | 0.75%     | -33.99%    |
| Platinum Investor III                                   | 239,529 | 5.79       | 1,387,886  | 0.00%     | 0.70%     | -28.03%    |
| Platinum Investor Survivor                              | 117,741 | 5.13       | 604,496    | 0.00%     | 0.40%     | -33.75%    |
| MFS VIT Investors Trust Series - Initial Class          |         |            |            |           |           |            |
| The One VUL Solution                                    | 593     | 8.64       | 5,122      | 0.61%     | 0.75%     | -16.59%    |
| MFS VIT New Discovery Series - Initial Class            |         |            |            |           |           |            |
| AG Legacy Plus  | 1,314   | 8.22       | 10,801     | 0.00%     | 0.75%     | 1.95%      |
| Corporate America                                       | 1,712   | 8.85       | 15,146     | 0.00%     | 0.35%     | 13.77%     |
| Platinum Investor I & II                                | 81,569  | 8.81       | 718,214    | 0.00%     | 0.75%     | -5.74%     |
| Platinum Investor III                                   | 47,211  | 8.61       | 406,590    | 0.00%     | 0.70%     | 0.95%      |
| Platinum Investor Survivor                              | 5,448   | 8.84       | 48,169     | 0.00%     | 0.40%     | -5.41%     |
| MFS VIT Research Series - Initial Class                 |         |            |            |           |           |            |
| Corporate America                                       | 997     | 7.07       | 7,047      | 0.00%     | 0.35%     | -12.40%    |
| Platinum Investor I & II                                | 46,683  | 7.03       | 328,283    | 0.01%     | 0.75%     | -21.84%    |
| Platinum Investor III                                   | 47,757  | 6.99       | 334,043    | 0.01%     | 0.70%     | -24.62%    |
| Platinum Investor Survivor                              | 11,015  | 7.06       | 77,779     | 0.01%     | 0.40%     | -21.57%    |
| MFS VIT Total Return Series - Initial Class             |         |            |            |           |           |            |
| AG Legacy Plus  | 67,578  | 5.32       | 359,828    | 0.00%     | 0.75%     | -6.20%     |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I |         |            |            |           |           |            |
| Platinum Investor I & II                                | 40,478  | 6.21       | 251,465    | 0.00%     | 0.75%     | -25.21%    |
| Platinum Investor III                                   | 59,965  | 6.10       | 365,744    | 0.00%     | 0.70%     | -26.67%    |
| Platinum Investor Survivor                              | 5,636   | 6.24       | 35,155     | 0.00%     | 0.40%     | -24.95%    |
| Neuberger Berman AMT Partners Portfolio - Class I       |         |            |            |           |           |            |
| AG Legacy Plus  | 5,132   | 9.51       | 48,812     | 0.00%     | 0.75%     | 3.17%      |
| One Group Investment Trust Equity Index Portfolio       |         |            |            |           |           |            |
| The One VUL Solution                                    | 1,456   | 8.04       | 11,713     | 1.05%     | 0.75%     | -13.00%    |
| One Group Investment Trust Large Cap Growth Portfolio   |         |            |            |           |           |            |
| The One VUL Solution                                    | 421     | 6.10       | 2,566      | 0.00%     | 0.75%     | -20.88%    |
| One Group Investment Trust Mid Cap Growth Portfolio     |         |            |            |           |           |            |
| The One VUL Solution                                    | 319     | 8.46       | 2,700      | 0.00%     | 0.75%     | -11.32%    |
| Oppenheimer High Income Fund/VA - Non-Service Shares    |         |            |            |           |           |            |
| AG Legacy Plus  | 7,783   | 9.71       | 75,555     | 0.00%     | 0.75%     | 6.15%      |
| The One VUL Solution                                    | 296     | 8.68       | 2,567      | 11.72%    | 0.75%     | 1.20%      |
| PIMCO VIT Real Return Portfolio - Administrative Class  |         |            |            |           |           |            |
| AG Legacy Plus  | 12,784  | 10.25      | 131,088    | 0.86%     | 0.75%     | -2.03%     |
| Platinum Investor I & II                                | 87,766  | 11.17      | 980,348    | 6.95%     | 0.75%     | 8.83%      |
| Platinum Investor III                                   | 53,040  | 11.20      | 594,024    | 3.55%     | 0.70%     | 5.56%      |

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

| Divisions  | Units  | Unit Value | Net Assets | Investment<br>Income<br>Ratio (a) | Expense<br>Ratio (b) | Total<br>Return (c) |
|--|--------|------------|------------|-----------------------------------|----------------------|---------------------|
| <S>  | <C>    | <C>        | <C>        | <C>                               | <C>                  | <C>                 |
| 2001 - Continued   |        |            |            |                                   |                      |                     |
| PIMCO VIT Real Return Portfolio - Administrative Class - Continued |        |            |            |                                   |                      |                     |
| Platinum Investor Survivor   | 15,384 | \$11.22    | \$ 172,540 | 8.44%                             | 0.40%                | 6.84%               |
| PIMCO VIT Short-Term Portfolio - Administrative                    |        |            |            |                                   |                      |                     |

|   |         |       |           |       |       |         |
|---|---------|-------|-----------|-------|-------|---------|
| Class   |         |       |           |       |       |         |
| Corporate America   | 5,271   | 10.72 | 56,523    | 3.04% | 0.35% | 4.35%   |
| Platinum Investor I & II                                  | 27,482  | 10.67 | 293,345   | 5.19% | 0.75% | 5.98%   |
| Platinum Investor III                                     | 57,361  | 10.67 | 612,107   | 2.63% | 0.70% | 5.62%   |
| Platinum Investor Survivor                                | 8,618   | 10.72 | 92,365    | 4.87% | 0.40% | 4.96%   |
| PIMCO VIT Total Return Portfolio - Administrative Class   |         |       |           |       |       |         |
| AG Legacy Plus  | 10,974  | 10.57 | 116,044   | 0.84% | 0.75% | 0.45%   |
| Corporate America   | 2,554   | 11.13 | 28,440    | 2.87% | 0.35% | 6.13%   |
| Platinum Investor I & II                                  | 131,290 | 11.08 | 1,454,930 | 2.82% | 0.75% | 7.58%   |
| Platinum Investor III                                     | 126,029 | 11.12 | 1,402,056 | 3.72% | 0.70% | 7.45%   |
| Platinum Investor Survivor                                | 40,582  | 11.13 | 451,552   | 2.94% | 0.40% | 8.38%   |
| Putnam VT Diversified Income Fund - Class IB              |         |       |           |       |       |         |
| AG Legacy Plus  | 4,788   | 10.10 | 48,381    | 0.00% | 0.75% | 1.10%   |
| Corporate America   | 99,029  | 10.20 | 1,009,835 | 4.85% | 0.35% | 1.71%   |
| Platinum Investor I & II                                  | 133,179 | 9.76  | 1,299,777 | 7.31% | 0.75% | 2.73%   |
| Platinum Investor III                                     | 17,175  | 10.44 | 179,305   | 0.93% | 0.70% | -0.90%  |
| Platinum Investor Survivor                                | 5,402   | 10.20 | 55,105    | 0.76% | 0.40% | 3.10%   |
| Putnam VT Growth and Income Fund - Class IB               |         |       |           |       |       |         |
| Corporate America   | 110,489 | 9.92  | 1,095,612 | 1.68% | 0.35% | -5.20%  |
| Platinum Investor I & II                                  | 541,025 | 10.40 | 5,625,378 | 2.61% | 0.75% | -7.10%  |
| Platinum Investor III                                     | 144,948 | 9.38  | 1,359,119 | 0.84% | 0.70% | -5.78%  |
| Platinum Investor Survivor                                | 48,762  | 9.92  | 483,692   | 2.84% | 0.40% | -6.77%  |
| Putnam VT International Growth and Income Fund - Class IB |         |       |           |       |       |         |
| Platinum Investor I & II                                  | 212,113 | 9.16  | 1,942,305 | 5.80% | 0.75% | -21.40% |
| Platinum Investor III                                     | 93,038  | 8.09  | 753,038   | 3.50% | 0.70% | -19.27% |
| Platinum Investor Survivor                                | 96,186  | 7.79  | 749,630   | 3.50% | 0.40% | -21.13% |
| Putnam VT Small Cap Value Fund - Class IB                 |         |       |           |       |       |         |
| AG Legacy Plus  | 8,198   | 13.12 | 107,603   | 0.11% | 0.75% | 12.25%  |
| Putnam VT Vista Fund - Class IB                           |         |       |           |       |       |         |
| AG Legacy Plus  | 9,574   | 5.19  | 49,700    | 3.48% | 0.75% | -25.32% |
| The One VUL Solution                                      | 474     | 5.76  | 2,733     | 9.45% | 0.75% | -34.00% |
| Putnam VT Voyager Fund - Class IB                         |         |       |           |       |       |         |
| AG Legacy Plus  | 26,218  | 6.11  | 160,112   | 5.39% | 0.75% | -22.99% |
| Safeco RST Core Equity Portfolio                          |         |       |           |       |       |         |
| Platinum Investor I & II                                  | 495,182 | 9.63  | 4,767,218 | 0.68% | 0.75% | -10.07% |
| Platinum Investor III                                     | 22,815  | 8.39  | 191,314   | 1.43% | 0.70% | -11.82% |
| Platinum Investor Survivor                                | 19,841  | 7.98  | 158,237   | 1.08% | 0.40% | -9.76%  |
| Safeco RST Growth Opportunities Portfolio                 |         |       |           |       |       |         |
| Corporate America   | 26,516  | 10.02 | 265,808   | 0.00% | 0.35% | 20.27%  |
| Platinum Investor I & II                                  | 413,839 | 9.90  | 4,098,507 | 0.00% | 0.75% | 18.25%  |
| Platinum Investor III                                     | 37,394  | 10.58 | 395,539   | 0.00% | 0.70% | 11.63%  |
| Platinum Investor Survivor                                | 34,864  | 10.03 | 349,608   | 0.00% | 0.40% | 18.66%  |
| Scudder International Portfolio                           |         |       |           |       |       |         |
| The One VUL Solution                                      | 401     | 6.31  | 2,530     | 0.78% | 0.75% | -25.00% |
| Scudder Small Cap Value Portfolio                         |         |       |           |       |       |         |
| The One VUL Solution                                      | 228     | 12.22 | 2,784     | 0.00% | 0.75% | 16.78%  |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

| Divisions                                    | Units   | Unit Value | Net Assets | Investment<br>Income<br>Ratio (a) | Expense<br>Ratio (b) | Total<br>Return (c) |
|--|---------|------------|------------|-----------------------------------|----------------------|---------------------|
| <S>  | <C>     | <C>        | <C>        | <C>                               | <C>                  | <C>                 |
| 2001 - Continued                             |         |            |            |                                   |                      |                     |
| Scudder VIT EAFE Equity Index Fund - Class A |         |            |            |                                   |                      |                     |
| Legacy Plus                                  | 5,923   | \$ 8.06    | \$ 47,720  | 0.00%                             | 0.75%                | -25.25%             |
| Scudder VIT Equity 500 Index Fund - Class A  |         |            |            |                                   |                      |                     |
| Legacy Plus                                  | 18,704  | 9.43       | 176,303    | 0.63%                             | 0.75%                | -12.84%             |
| UIF Equity Growth Portfolio - Class I        |         |            |            |                                   |                      |                     |
| Legacy Plus                                  | 7,382   | 10.75      | 79,326     | 0.00%                             | 0.75%                | -15.75%             |
| Platinum Investor I & II                     | 438,623 | 10.81      | 4,741,984  | 0.00%                             | 0.75%                | -15.75%             |
| Platinum Investor III                        | 28,056  | 7.25       | 203,316    | 0.00%                             | 0.70%                | -16.43%             |
| Platinum Investor Survivor                   | 50,760  | 6.85       | 347,677    | 0.00%                             | 0.40%                | -15.45%             |
| UIF High Yield Portfolio - Class I           |         |            |            |                                   |                      |                     |
| Platinum Investor I & II                     | 183,821 | 8.93       | 1,640,658  | 11.27%                            | 0.75%                | -5.19%              |
| Platinum Investor III                        | 11,481  | 9.24       | 106,103    | 22.46%                            | 0.70%                | -11.85%             |

|   |           |       |            |        |       |         |
|---|-----------|-------|------------|--------|-------|---------|
| Platinum Investor Survivor                    | 25,702    | 8.59  | 220,794    | 11.50% | 0.40% | -4.86%  |
| VALIC Company I - International Equities Fund |           |       |            |        |       |         |
| AG Legacy Plus                                | 1,710     | 6.77  | 11,582     | 3.61%  | 0.75% | -8.95%  |
| Platinum Investor I & II                      | 152,030   | 8.68  | 1,320,380  | 1.71%  | 0.75% | -22.56% |
| Platinum Investor III                         | 21,685    | 7.50  | 162,625    | 2.31%  | 0.70% | -21.61% |
| Platinum Investor Survivor                    | 12,156    | 6.59  | 80,045     | 1.60%  | 0.40% | -22.29% |
| VALIC Company I - Mid Cap Index Fund          |           |       |            |        |       |         |
| AG Legacy Plus                                | 4,237     | 9.86  | 41,782     | 0.78%  | 0.75% | -1.68%  |
| Corporate America                             | 45,379    | 10.58 | 480,286    | 0.61%  | 0.35% | 4.52%   |
| Platinum Investor I & II                      | 457,875   | 14.62 | 6,695,315  | 0.74%  | 0.75% | -1.68%  |
| Platinum Investor III                         | 115,708   | 9.59  | 1,109,764  | 0.72%  | 0.70% | 4.22%   |
| Platinum Investor Survivor                    | 41,967    | 10.59 | 444,325    | 0.75%  | 0.40% | -1.34%  |
| VALIC Company I - Money Market I Fund         |           |       |            |        |       |         |
| AG Legacy Plus                                | 57,185    | 10.48 | 599,077    | 1.89%  | 0.75% | 2.91%   |
| Corporate America                             | 2,212     | 10.76 | 23,807     | 0.42%  | 0.35% | 3.32%   |
| Legacy Plus                                   | 5,564     | 11.03 | 61,395     | 0.66%  | 0.75% | 2.91%   |
| Platinum Investor I & II                      | 2,030,596 | 11.55 | 23,446,471 | 2.93%  | 0.75% | 2.91%   |
| Platinum Investor III                         | 1,416,986 | 10.38 | 14,711,205 | 1.97%  | 0.70% | 2.96%   |
| Platinum Investor Survivor                    | 461,849   | 10.77 | 4,973,259  | 2.62%  | 0.40% | 3.27%   |
| Platinum Investor Survivor II                 | 925,288   | 10.01 | 9,264,381  | 0.00%  | 0.75% | 0.00%   |
| The One VUL Solution                          | --        | 10.77 | --         | 0.07%  | 0.75% | 2.91%   |
| VALIC Company I - Nasdaq-100 Index Fund       |           |       |            |        |       |         |
| Platinum Investor I & II                      | 44,914    | 4.89  | 219,563    | 0.10%  | 0.75% | -32.99% |
| Platinum Investor III                         | 207,478   | 4.80  | 995,213    | 0.02%  | 0.70% | -31.28% |
| Platinum Investor Survivor                    | 84,435    | 4.91  | 414,455    | 0.00%  | 0.40% | -40.69% |
| VALIC Company I - Science & Technology Fund   |           |       |            |        |       |         |
| Platinum Investor I & II                      | 29,457    | 4.42  | 130,333    | 0.00%  | 0.75% | -41.62% |
| Platinum Investor III                         | 58,814    | 4.38  | 257,697    | 0.00%  | 0.70% | -45.69% |
| Platinum Investor Survivor                    | 3,006     | 4.44  | 13,356     | 0.00%  | 0.40% | -49.92% |
| VALIC Company I - Small Cap Index Fund        |           |       |            |        |       |         |
| Corporate America                             | 1,347     | 9.95  | 13,400     | 0.71%  | 0.35% | 0.01%   |
| Platinum Investor I & II                      | 46,053    | 9.90  | 456,049    | 0.96%  | 0.75% | 1.23%   |
| Platinum Investor III                         | 44,444    | 9.74  | 432,683    | 0.85%  | 0.70% | -1.61%  |
| Platinum Investor Survivor                    | 13,430    | 9.94  | 133,536    | 1.80%  | 0.40% | 1.59%   |
| VALIC Company I - Stock Index Fund            |           |       |            |        |       |         |
| AG Legacy Plus                                | 9,606     | 7.77  | 74,618     | 0.99%  | 0.75% | -13.25% |
| Corporate America                             | 59,072    | 7.69  | 454,174    | 0.76%  | 0.35% | -11.20% |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

| Divisions  | Units     | Unit Value | Net Assets   | Investment       |                   |                  |
|--|-----------|------------|--------------|------------------|-------------------|------------------|
|  |           |            |              | Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
| <S>  | <C>       | <C>        | <C>          | <C>              | <C>               | <C>              |
| 2001 - Continued                                     |           |            |              |                  |                   |                  |
| VALIC Company I - Stock Index Fund - Continued       |           |            |              |                  |                   |                  |
| Platinum Investor I & II                             | 1,590,799 | \$10.64    | \$16,931,644 | 0.96%            | 0.75%             | -12.86%          |
| Platinum Investor III                                | 266,322   | 8.04       | 2,141,961    | 0.73%            | 0.70%             | -13.22%          |
| Platinum Investor Survivor                           | 426,976   | 7.69       | 3,283,914    | 1.04%            | 0.40%             | -12.55%          |
| Van Kampen LIT Emerging Growth Portfolio - Class I   |           |            |              |                  |                   |                  |
| AG Legacy Plus                                       | 14,444    | 5.28       | 76,262       | 0.16%            | 0.75%             | -32.01%          |
| The One VUL Solution                                 | 1,936     | 5.20       | 10,077       | 0.11%            | 0.75%             | -32.01%          |
| Van Kampen LIT Government Portfolio - Class I        |           |            |              |                  |                   |                  |
| AG Legacy Plus                                       | 3,341     | 11.36      | 37,946       | 0.00%            | 0.75%             | -0.61%           |
| Van Kampen LIT Growth and Income Portfolio - Class I |           |            |              |                  |                   |                  |
| Platinum Investor I & II                             | 21,837    | 10.72      | 234,031      | 1.36%            | 0.70%             | 1.08%            |
| Platinum Investor III                                | 15,021    | 11.38      | 170,935      | 2.00%            | 0.40%             | 0.68%            |
| Platinum Investor Survivor                           | 116,654   | 11.35      | 1,324,028    | 1.90%            | 0.75%             | 0.32%            |
| Vanguard VIF High Yield Bond Portfolio               |           |            |              |                  |                   |                  |
| Platinum Investor I & II                             | 25,137    | 10.13      | 254,726      | 0.05%            | 0.75%             | 2.55%            |
| Platinum Investor III                                | 66,089    | 10.20      | 673,900      | 0.10%            | 0.70%             | -2.38%           |
| Platinum Investor Survivor                           | 6,513     | 10.17      | 66,273       | 0.40%            | 0.40%             | -2.99%           |
| Vanguard VIF REIT Index Portfolio                    |           |            |              |                  |                   |                  |
| Corporate America                                    | 2,407     | 12.20      | 29,373       | 0.00%            | 0.35%             | 9.62%            |
| Platinum Investor I & II                             | 15,235    | 12.14      | 185,034      | 0.81%            | 0.75%             | 11.29%           |
| Platinum Investor III                                | 28,648    | 12.13      | 347,535      | 0.08%            | 0.70%             | 14.22%           |
| Platinum Investor Survivor                           | 9,356     | 12.19      | 114,091      | 2.22%            | 0.40%             | 11.49%           |

</TABLE>

- (a) These amounts represent the dividends, excluding capital gain distributions from mutual funds, received by the Division from the underlying mutual fund, net of management fees assessed by the fund manager, divided by the average net assets. These ratios exclude those expenses, such as mortality and expense risk charges, that result in direct reduction in the unit value. The recognition of investment income by the Division is affected by the timing of the declaration of dividends by the underlying fund in which the Divisions invest.
- (b) These amounts represent the annualized policy expenses of the Separate Account, consisting primarily of mortality and expense risk charges, for each year indicated. These ratios include only those expenses that result in a direct reduction to unit values. Charges made directly to policy owner accounts through the redemption of units and expenses of the underlying fund have been excluded.
- (c) These amounts represent the total return for the years indicated, including changes in the value of the underlying Division, and reflect deductions for those expenses that result in a direct reduction to unit values. The total return does not include policy charges deducted directly from account values. For the years ended December 31, 2002 and 2001, no total return was calculated if the Division became an available investment option during the year. For the years ended December 31, 2004 and 2003, a total return was calculated using the initial unit value for the Division if the Division became an available investment option during the year and the underlying Fund was not available at the beginning of the year.
- + The investment income ratio has been restated due to a misclassification in prior years of short-term capital gains between dividends from mutual funds and capital gain distributions from mutual funds. See Note H for further disclosure.
- \*\* Formerly Oppenheimer Multiple Strategies Fund/VA.

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AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note H - Restatement

During the preparation of these 2004 financial statements, the Company identified certain misclassifications of short-term capital gains within several Divisions. Specifically, for the years ended December 31, 2003 and 2002, the Company classified short-term capital gains as dividends from mutual funds. GAAP requires short-term capital gains to be classified as capital gain distributions from mutual funds. Accordingly, for the effected Divisions, the Company restated net investment income (loss) and capital gain distributions from mutual funds for the year ended December 31, 2003. The related investment income ratio was also restated for the years ended December 31, 2003 and 2002, to be comparative. The restated balances for net investment income (loss) and capital gain distribution from mutual funds have been identified in the Statement of Changes in Net Assets and the related investment income ratio amounts have been disclosed in Note G - Financial Highlights.

The adjustments described above had no impact on the Company's net assets or the increase (decrease) in net assets resulting from operations for any period. A summary of the adjustments made and their effect on the financial statements is presented below:

<TABLE>

<CAPTION>

| Divisions   | For the Year Ended December 31, 2003 |           |   |           |
|---|--------------------------------------|-----------|---|-----------|
|   | Net Investment<br>Income (Loss)      |           | Capital Gain Distributions<br>from Mutual Funds |           |
|   | Originally<br>stated                 | Restated  | Originally<br>stated                            | Restated  |
| <S>   | <C>                                  | <C>       | <C>   | <C>       |
| Dreyfus VIF Quality Bond Portfolio - Initial shares     | \$399,831                            | \$251,226 | \$ 17,341                                       | \$165,946 |
| PIMCO VIT Real Return Portfolio - Administrative Class  | 254,395                              | 133,974   | 52,887  | 173,308   |
| PIMCO VIT Total Return Portfolio - Administrative Class | 251,217                              | 212,092   | 44,719  | 83,844    |
| VALIC Company I - Stock Index Fund                      | 261,822                              | 239,190   | 120,686   | 143,318   |
| Vanguard VIF REIT Index Portfolio                       | 120,645                              | 117,989   | 112,869   | 115,525   |

</TABLE>

<TABLE>

<CAPTION>

Investment Income Ratio

| Divisions  | For the Year Ended<br>December 31, 2003 |          | For the Year Ended<br>December 31, 2002 |          |
|--|---|----------|---|----------|
|  | Originally<br>stated                    | Restated | Originally<br>stated                    | Restated |
| <S>  | <C>                                     | <C>      | <C>                                     | <C>      |
| American Century VP Value Fund - Class I                     |   |          |   |          |
| AG Legacy Plus   | n/a                                     | n/a      | 6.03%                                   | 0.85%    |
| Corporate America  | n/a                                     | n/a      | 3.98%                                   | 0.56%    |
| Platinum Investor I & II                                     | n/a                                     | n/a      | 5.62%                                   | 0.79%    |
| Platinum Investor III  | n/a                                     | n/a      | 4.19%                                   | 0.59%    |
| Platinum Investor Survivor                                   | n/a                                     | n/a      | 6.45%                                   | 0.91%    |
| Platinum Investor Survivor II                                | n/a                                     | n/a      | 0.07%                                   | 0.01%    |
| Dreyfus VIF Quality Bond Portfolio - Initial shares          |   |          |   |          |
| Corporate America  | 6.03%                                   | 4.08%    | n/a                                     | n/a      |
| Platinum Investor I & II                                     | 5.73%                                   | 3.97%    | n/a                                     | n/a      |
| Platinum Investor III  | 6.30%                                   | 4.04%    | n/a                                     | n/a      |
| Platinum Investor PLUS                                       | 6.92%                                   | 4.16%    | n/a                                     | n/a      |
| Platinum Investor Survivor                                   | 6.18%                                   | 4.08%    | n/a                                     | n/a      |
| Platinum Investor Survivor II                                | 6.36%                                   | 4.05%    | n/a                                     | n/a      |
| Fidelity VIP Equity-Income Portfolio - Service Class 2       |   |          |   |          |
| AG Legacy Plus   | n/a                                     | n/a      | 1.30%                                   | 1.20%    |
| Corporate America  | n/a                                     | n/a      | 1.05%                                   | 0.96%    |
| Platinum Investor I & II                                     | n/a                                     | n/a      | 1.65%                                   | 1.52%    |
| Platinum Investor III  | n/a                                     | n/a      | 1.33%                                   | 1.23%    |
| Platinum Investor Survivor                                   | n/a                                     | n/a      | 1.67%                                   | 1.54%    |
| Franklin Templeton - Mutual Shares Securities Fund - Class 2 |   |          |   |          |
| Platinum Investor I & II                                     | n/a                                     | n/a      | 2.37%                                   | 1.85%    |
| Platinum Investor Survivor II                                | n/a                                     | n/a      | 0.97%                                   | 0.76%    |

VL-R-79

AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note H - Restatement - Continued

<TABLE>  
<CAPTION>

| Divisions   | Investment Income Ratio                 |          |   |          |
|---|---|----------|---|----------|
|   | For the Year Ended<br>December 31, 2003 |          | For the Year Ended<br>December 31, 2002 |          |
|   | Originally<br>stated                    | Restated | Originally<br>stated                    | Restated |
| <S>   | <C>                                     | <C>      | <C>                                     | <C>      |
| MFS VIT Total Return Series - Initial Class             |   |          |   |          |
| AG Legacy Plus  | n/a                                     | n/a      | 0.00%                                   | 1.55%    |
| PIMCO VIT Real Return Portfolio - Administrative Class  |   |          |   |          |
| AG Legacy Plus  | 4.06%                                   | 2.34%    | 4.35%                                   | 4.15%    |
| Corporate America                                       | 4.19%                                   | 2.87%    | 4.98%                                   | 1.70%    |
| Platinum Investor I & II                                | 3.56%                                   | 2.41%    | 6.14%                                   | 5.95%    |
| Platinum Investor III                                   | 4.48%                                   | 2.55%    | 4.42%                                   | 4.20%    |
| Platinum Investor PLUS                                  | 4.60%                                   | 2.38%    | 0.91%                                   | 0.74%    |
| Platinum Investor Survivor                              | 4.08%                                   | 2.66%    | 4.53%                                   | 4.30%    |
| Platinum Investor Survivor II                           | 4.25%                                   | 2.32%    | 4.75%                                   | 4.48%    |
| PIMCO VIT Short-Term Portfolio - Administrative Class   |   |          |   |          |
| Corporate America                                       | n/a                                     | n/a      | 3.01%                                   | 2.92%    |
| Platinum Investor I & II                                | n/a                                     | n/a      | 3.04%                                   | 2.93%    |
| Platinum Investor III                                   | n/a                                     | n/a      | 2.98%                                   | 2.89%    |
| Platinum Investor PLUS                                  | n/a                                     | n/a      | 0.84%                                   | 0.71%    |
| Platinum Investor Survivor                              | n/a                                     | n/a      | 2.54%                                   | 2.44%    |
| Platinum Investor Survivor II                           | n/a                                     | n/a      | 3.93%                                   | 3.78%    |
| PIMCO VIT Total Return Portfolio - Administrative Class |   |          |   |          |
| AG Legacy Plus  | 3.11%                                   | 2.68%    | 5.62%                                   | 4.25%    |
| Corporate America                                       | 3.44%                                   | 3.00%    | 5.80%                                   | 4.47%    |
| Platinum Investor I & II                                | 3.21%                                   | 2.85%    | 5.57%                                   | 4.25%    |
| Platinum Investor III                                   | 3.42%                                   | 2.98%    | 5.65%                                   | 4.27%    |
| Platinum Investor PLUS                                  | 3.30%                                   | 2.72%    | 3.01%                                   | 1.45%    |
| Platinum Investor Survivor                              | 3.18%                                   | 2.80%    | 5.08%                                   | 3.98%    |
| Platinum Investor Survivor II                           | 3.72%                                   | 3.31%    | 7.26%                                   | 5.29%    |
| Putnam VT Growth and Income Fund - Class IB             |   |          |   |          |
| Corporate America                                       | n/a                                     | n/a      | 1.39%                                   | 1.01%    |
| Platinum Investor I & II                                | n/a                                     | n/a      | 2.26%                                   | 1.65%    |
| Platinum Investor III                                   | n/a                                     | n/a      | 1.86%                                   | 1.35%    |
| Platinum Investor Survivor                              | n/a                                     | n/a      | 2.12%                                   | 1.54%    |
| Putnam VT Small Cap Value Fund - Class IB               |   |          |   |          |

|                                    |       |       |       |       |
|------------------------------------|-------|-------|-------|-------|
| AG Legacy Plus                     | n/a   | n/a   | 1.33% | 0.23% |
| VALIC Company I - Stock Index Fund |       |       |       |       |
| AG Legacy Plus                     | 1.36% | 1.31% | n/a   | n/a   |
| Corporate America                  | 1.41% | 1.35% | n/a   | n/a   |
| Platinum Investor I & II           | 1.37% | 1.31% | n/a   | n/a   |
| Platinum Investor III              | 1.46% | 1.39% | n/a   | n/a   |
| Platinum Investor PLUS             | 1.52% | 1.42% | n/a   | n/a   |
| Platinum Investor Survivor         | 1.39% | 1.33% | n/a   | n/a   |
| Platinum Investor Survivor II      | 1.35% | 1.28% | n/a   | n/a   |
| Vanguard VIF REIT Index Portfolio  |       |       |       |       |
| Corporate America                  | 4.11% | 4.03% | 2.71% | 2.61% |
| Platinum Investor I & II           | 3.27% | 3.21% | 1.60% | 1.54% |
| Platinum Investor III              | 3.19% | 3.13% | 3.68% | 3.53% |
| Platinum Investor PLUS             | 3.31% | 3.25% | n/a   | n/a   |
| Platinum Investor Survivor         | 3.49% | 3.42% | 3.78% | 3.64% |
| Platinum Investor Survivor II      | 3.01% | 2.95% | n/a   | n/a   |

</TABLE>

n/a The investment income ratio did not change.

VL-R-80

[LOGO] PricewaterhouseCoopers

PricewaterhouseCoopers LLP  
Suite 2900  
1201 Louisiana St.  
Houston TX 77002-5678  
Telephone (713) 356 4000

Report of Independent Registered Public Accounting Firm

To the Shareholder and Board of Directors  
American General Life Insurance Company:

In our opinion, the accompanying consolidated balance sheets as of December 31, 2004 and 2003 and the related consolidated statements of income, shareholder's equity, comprehensive income, and of cash flows present fairly, in all material respects, the financial position of American General Life Insurance Company and subsidiaries (an indirect wholly-owned subsidiary of American International Group, Inc.) at December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America. 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 of these statements 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. An audit 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.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting and reporting for certain non-traditional long-duration contracts in 2004.

PRICEWATERHOUSECOOPERS LLP

Houston, Texas  
April 29, 2005

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American General Life Insurance Company

Consolidated Balance Sheets

<TABLE>  
<CAPTION>

| December 31    |      |
|----------------|------|
| 2004           | 2003 |
| (In Thousands) |      |
| <C>            | <C>  |

<S>  
Assets  
Investments:

|   |              |              |
|---|--------------|--------------|
| Fixed maturity securities, available for sale, at fair value<br>(amortized cost - \$46,646,227 - 2004; \$43,133,011 - 2003) | \$49,436,433 | \$45,349,130 |
| Fixed maturity securities, trading, at fair value<br>(amortized cost - \$8,946 - 2004; \$52,000 - 2003)                     | 11,512       | 58,953       |
| Equity securities, at fair value (cost - \$48,038 - 2004;<br>\$93,182 - 2003)   | 70,294       | 98,523       |
| Equity securities, trading, at fair value (cost - \$1,638 - 2004;<br>\$7,000 - 2003)  | 6,374        | 10,000       |
| Mortgage loans on real estate, net of allowance<br>(\$4,964 - 2004; \$7,124 - 2003)   | 3,324,940    | 2,953,495    |
| Policy loans  | 1,730,819    | 1,705,891    |
| Investment real estate  | 37,730       | 44,543       |
| Partnerships  | 2,091,739    | 1,895,974    |
| Separate account seed money (cost - \$39,758 - 2004;<br>\$90,670 - 2003)  | 41,488       | 91,670       |
| Securities lending collateral   | 9,286,117    | 4,451,135    |
| Short-term investments  | 62,913       | 112,440      |
| Derivatives assets  | 11,077       | 9,560        |
|   | -----        | -----        |
| Total investments   | 66,111,436   | 56,781,314   |
| Cash  | 257,224      | 297,209      |
| Restricted Cash   | 18,647       | 88,781       |
| Investment in ultimate Parent Company (cost - \$8,597 in 2004<br>and 2003)  | 53,203       | 53,697       |
| Notes receivable from affiliates  | 598,045      | 537,241      |
| Indebtedness from affiliates  | 37,019       | 19,756       |
| Accrued investment income   | 705,590      | 651,815      |
| Accounts receivable   | 1,108,251    | 1,023,451    |
| Deferred policy acquisition costs/cost of insurance purchased   | 3,617,153    | 3,250,287    |
| Other assets  | 272,270      | 376,578      |
| Assets held in separate accounts  | 25,537,215   | 22,930,750   |
|   | -----        | -----        |
| Total assets  | \$98,316,053 | \$86,010,879 |
|   | =====        | =====        |

</TABLE>

See accompanying notes to consolidated financial statements.

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American General Life Insurance Company

Consolidated Balance Sheets

<TABLE>

<CAPTION>

|  | December 31    |              |
|--|----------------|--------------|
|  | 2004           | 2003         |
|  | (In Thousands) |              |
| <S>  | <C>            | <C>          |
| Liabilities, Minority Interest and Shareholder's Equity                              |                |              |
| Liabilities:   |                |              |
| Future policy benefits   | \$ 9,156,261   | \$ 7,898,915 |
| Policyholder contract deposits   | 38,438,523     | 36,559,454   |
| Other policy claims and benefits payable   | 198,769        | 273,008      |
| Other policyholders' funds   | 2,513,561      | 2,204,767    |
| Federal income taxes   | 1,442,907      | 1,104,182    |
| Indebtedness to affiliates   | 258,953        | 362,749      |
| Securities lending payable   | 9,286,117      | 4,451,135    |
| Other liabilities  | 1,256,335      | 1,240,035    |
| Derivative liabilities   | 57,647         | 27,165       |
| Liabilities related to separate accounts   | 25,537,215     | 22,930,750   |
|  | -----          | -----        |
| Total liabilities  | 88,146,288     | 77,052,160   |
| Minority interest  | 102,150        | 96,741       |
| Shareholder's equity:  |                |              |
| Preferred stock, \$100 par value, 8,500 shares authorized,<br>issued and outstanding | 850            | 850          |
| Common stock, \$10 par value, 600,000 shares authorized,<br>issued and outstanding   | 6,000          | 6,000        |
| Additional paid-in capital   | 3,623,797      | 3,507,238    |
| Accumulated other comprehensive income   | 1,398,625      | 1,097,788    |
| Retained earnings  | 5,038,343      | 4,250,102    |
|  | -----          | -----        |
| Total shareholder's equity   | 10,067,615     | 8,861,978    |
|  | -----          | -----        |
| Total liabilities, minority interest and shareholder's equity                        | \$98,316,053   | \$86,010,879 |
|  | =====          | =====        |

</TABLE>

See accompanying notes to consolidated financial statements.

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American General Life Insurance Company

Consolidated Statements of Income

<TABLE>

<CAPTION>

|  | 2004           | 2003        | 2002        |
|--|----------------|-------------|-------------|
|  | -----          | -----       | -----       |
|  | (In Thousands) |             |             |
| <S>  | <C>            | <C>         | <C>         |
| Revenues:  |                |             |             |
| Premiums and other considerations                        | \$2,540,322    | \$2,403,951 | \$2,138,833 |
| Net investment income                                    | 3,557,160      | 3,288,686   | 3,054,530   |
| Net realized investment losses                           | (158,288)      | (56,779)    | (295,344)   |
| Other  | 289,140        | 175,663     | 175,528     |
| Total revenues   | 6,228,334      | 5,811,521   | 5,073,547   |
| Benefits and expenses:                                   |                |             |             |
| Policyholders' benefits                                  | 1,625,671      | 1,544,535   | 1,284,087   |
| Interest credited  | 2,063,646      | 2,039,015   | 2,051,698   |
| Operating costs and expenses                             | 1,034,525      | 939,785     | 753,033     |
| Total benefits and expenses                              | 4,723,842      | 4,523,335   | 4,088,818   |
| Income before income tax expense                         | 1,504,492      | 1,288,186   | 984,729     |
| Income tax expense:                                      |                |             |             |
| Current  | 126,112        | 250,906     | 107,502     |
| Deferred   | 272,600        | 75,649      | 64,917      |
| Total income tax expense                                 | 398,712        | 326,555     | 172,419     |
| Net income before cumulative effect of accounting change | 1,105,780      | 961,631     | 812,310     |
| Cumulative effect of accounting change, net of tax       | (16,859)       | --          | --          |
| Net income   | \$1,088,921    | \$ 961,631  | \$ 812,310  |
|  | =====          | =====       | =====       |

</TABLE>

See accompanying notes to consolidated financial statements.

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American General Life Insurance Company

Consolidated Statements of Shareholder's Equity

<TABLE>

<CAPTION>

|  | Year ended December 31 |           |           |
|--|------------------------|-----------|-----------|
|  | 2004                   | 2003      | 2002      |
|  | -----                  | -----     | -----     |
|  | (In Thousands)         |           |           |
| <S>                                      | <C>                    | <C>       | <C>       |
| Preferred stock:                         |                        |           |           |
| Balance at beginning and end of year     | \$ 850                 | \$ 850    | \$ 850    |
| Common stock:                            |                        |           |           |
| Balance at beginning and end of year     | 6,000                  | 6,000     | 6,000     |
| Additional paid-in capital:              |                        |           |           |
| Balance at beginning of year             | 3,507,238              | 3,167,462 | 2,691,492 |
| Capital contribution from Parent Company | 116,559                | 339,776   | 475,970   |
| Balance at end of year                   | 3,623,797              | 3,507,238 | 3,167,462 |
| Accumulated other comprehensive income:  |                        |           |           |
| Balance at beginning of year             | 1,097,788              | 736,299   | 175,507   |
| Other comprehensive income               | 300,837                | 361,489   | 560,792   |
| Balance at end of year                   | 1,398,625              | 1,097,788 | 736,299   |
| Retained earnings:                       |                        |           |           |
| Balance at beginning of year             | 4,250,102              | 3,289,151 | 2,922,422 |

|                            |              |             |             |
|----------------------------|--------------|-------------|-------------|
| Net income                 | 1,088,921    | 961,631     | 812,310     |
| Dividends paid             | (300,680)    | (680)       | (445,581)   |
|                            | -----        | -----       | -----       |
| Balance at end of year     | 5,038,343    | 4,250,102   | 3,289,151   |
|                            | -----        | -----       | -----       |
| Total shareholder's equity | \$10,067,615 | \$8,861,978 | \$7,199,762 |
|                            | =====        | =====       | =====       |

</TABLE>

See accompanying notes to consolidated financial statements.

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American General Life Insurance Company

Consolidated Statements of Comprehensive Income

<TABLE>

<CAPTION>

|   | 2004           | 2003        | 2002        |
|---|----------------|-------------|-------------|
|   | -----          | -----       | -----       |
|   | (In Thousands) |             |             |
| <S>   | <C>            | <C>         | <C>         |
| Net income  | \$1,088,921    | \$ 961,631  | \$ 812,310  |
| Other comprehensive income:   |                |             |             |
| Gross change in unrealized gains (losses) on securities, after tax (pretax: 2004 - \$453,261; 2003 - \$549,834; 2002 - \$720,641) | 294,620        | 357,392     | 468,416     |
| Hedging activities (pretax: 2004 - \$(31,877); 2003 - \$(68,391); 2002 - \$5,025)   | (20,720)       | (44,454)    | 3,267       |
| Reclassification adjustment for losses included in net income   | 26,937         | 48,551      | 89,109      |
|   | -----          | -----       | -----       |
| Other comprehensive income  | 300,837        | 361,489     | 560,792     |
|   | -----          | -----       | -----       |
| Comprehensive income  | \$1,389,758    | \$1,323,120 | \$1,373,102 |
|   | =====          | =====       | =====       |

</TABLE>

See accompanying notes to consolidated financial statements.

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American General Life Insurance Company

Consolidated Statements of Cash Flows

<TABLE>

<CAPTION>

|   | 2004           | 2003         | 2002         |
|---|----------------|--------------|--------------|
|   | -----          | -----        | -----        |
|   | (In Thousands) |              |              |
| <S>   | <C>            | <C>          | <C>          |
| Operating activities  |                |              |              |
| Net income  | \$ 1,088,921   | \$ 961,631   | \$ 812,310   |
| Adjustments to reconcile net income to net cash provided by operating activities: |                |              |              |
| Cumulative effect of accounting change, net of tax                                | 16,859         | --           | --           |
| Interest credited on policyholder contracts                                       | 2,063,646      | 2,039,015    | 2,051,698    |
| Change in accounts receivable   | (84,800)       | (155,662)    | (3,438)      |
| Change in future policy benefits and other policy claims                          | (1,018,480)    | 216,269      | 1,096,583    |
| Amortization of policy acquisition costs and cost of insurance purchased          | 311,214        | 311,029      | 165,269      |
| Policy acquisition costs deferred   | (757,710)      | (583,939)    | (466,779)    |
| Change in other policyholders' funds  | 308,794        | 339,326      | 62,893       |
| Provision for deferred income tax expense   | 255,872        | 267,645      | 357,510      |
| Depreciation and amortization, including premiums and discounts                   | 193,670        | 170,474      | 150,310      |
| Change in indebtedness to (from) affiliates                                       | (181,863)      | 320,652      | 68,133       |
| Change in amounts payable to brokers  | (72,843)       | (614,174)    | 384,634      |
| Change in trading securities  | 51,067         | (68,953)     | --           |
| Change in restricted cash   | 70,134         | (88,781)     | --           |
| Realized investments losses   | 158,288        | 315,144      | 422,536      |
| Other, net  | (9,928)        | 522,312      | 35,272       |
|   | -----          | -----        | -----        |
| Net cash provided by operating activities   | 2,392,841      | 3,951,988    | 5,136,931    |
| Investing activities  |                |              |              |
| Purchases of:   |                |              |              |
| Fixed maturity and equity securities  | (27,374,134)   | (34,541,457) | (34,652,736) |
| Mortgages   | (691,747)      | (443,541)    | (286,385)    |

|  |              |              |              |
|--|--------------|--------------|--------------|
| Other long-term investments  | (18,188,518) | (14,902,823) | (17,511,338) |
| Sales of:  |              |              |              |
| Fixed maturity and equity securities                               | 27,001,768   | 29,702,380   | 29,957,705   |
| Mortgages  | 307,711      | 291,851      | 236,727      |
| Other long-term investments  | 12,915,557   | 13,862,846   | 15,080,395   |
| Redemptions and maturities of fixed maturity and equity securities | 1,735,026    | 1,792,981    | 2,197,983    |
| Sales and purchases of property, equipment, and software, net      | 9,648        | (1,056,323)  | (23,816)     |
|  | -----        | -----        | -----        |
| Net cash used in investing activities                              | (4,284,689)  | (5,294,086)  | (5,001,465)  |

See accompanying notes to consolidated financial statements.

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American General Life Insurance Company

Consolidated Statements of Cash Flows (continued)

|   | 2004           | 2003        | 2002        |
|---|----------------|-------------|-------------|
|   | -----          | -----       | -----       |
|   | (In Thousands) |             |             |
| <S>   | <C>            | <C>         | <C>         |
| Financing activities                                |                |             |             |
| Net policyholder account deposits                   | 7,332,833      | 6,780,518   | 3,324,162   |
| Net policyholder account withdrawals                | (5,296,849)    | (5,574,250) | (3,046,859) |
| Dividends paid                                      | (300,680)      | (680)       | (445,581)   |
| Capital contribution from parent                    | 116,559        | 339,776     | 28,000      |
| Other   | --             | --          | (1,289)     |
|   | -----          | -----       | -----       |
| Net cash provided by (used in) financing activities | 1,851,863      | 1,545,364   | (141,567)   |
|   | -----          | -----       | -----       |
| Increase (decrease) in cash                         | (39,985)       | 203,266     | (6,101)     |
| Cash at beginning of year                           | 297,209        | 93,943      | 100,044     |
|   | -----          | -----       | -----       |
| Cash at end of year                                 | \$ 257,224     | \$ 297,209  | \$ 93,943   |
|   | =====          | =====       | =====       |

</TABLE>

Interest paid amounted to approximately \$47,709,000, \$2,117,000 and \$2,315,000 in 2004, 2003 and 2002, respectively. Income taxes paid amounted to approximately \$208,397,000, \$240,802,000 and \$127,376,000 in 2004, 2003 and 2002, respectively.

See accompanying notes to consolidated financial statements.

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American General Life Insurance Company

Notes to Consolidated Financial Statements

December 31, 2004

1. Nature of Operations

American General Life Insurance Company ("AGL" or the "Company") is a wholly owned subsidiary of AGC Life Insurance Company ("Parent Company"), and its ultimate parent is American International Group, Inc. ("AIG").

Effective December 31, 2002, AGL merged with certain affiliated entities, including The Franklin Life Insurance Company ("The Franklin") and its subsidiary, The American Franklin Life Insurance Company ("AMFLIC"), and All American Life Insurance Company ("All American") and became the surviving entity. Effective March 31, 2003, AGL merged with its affiliate Old Line Life Insurance Company ("Old Line") and became the surviving entity. Effective December 31, 2002, AGL's wholly owned life insurance subsidiary, American General Life Insurance Company of New York ("AGNY") was merged with The United States Life Insurance Company in the City of New York, an affiliated entity. These mergers have been accounted for at historical cost in a manner similar to a pooling of interests business combination. Accordingly, the accompanying consolidated financial statements include the financial position, operating results, and cash flows of The Franklin, AMFLIC, All American, Old Line and exclude AGNY.

Effective December 20, 2004, AGL merged with its wholly owned subsidiary, American General International Investments, Inc. ("AGII"), and became the

surviving entity. The financial position, operating results and cash flows of AGII have historically been included in the consolidated financial statements of AGL.

The Company operates through two divisions: Life Insurance and Retirement Services. The Life Insurance Division offers a complete portfolio of the standard forms of universal life, variable universal life, whole life, term life, accident and health, structured settlements, and fixed and variable annuities throughout the United States of America. This Division serves the estate planning needs of middle- and upper-income households and the life insurance needs of small- to medium-sized businesses. The Life Insurance Division, through its subsidiaries American General Life Companies ("AGLC") and American General Enterprise Services ("AGES"), and AGES's wholly owned broker-dealer subsidiary American General Securities Incorporated ("AGSI"), also provides support services to certain affiliated insurance companies. The Retirement Services Division includes the results of the Variable Annuity Life Insurance Company ("VALIC"), a wholly owned subsidiary. VALIC provides tax-deferred retirement annuities and employer-sponsored retirement plans to employees of health care, educational, public sector, and other not-for-profit organizations throughout the United States of America.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies

2.1 Preparation of Financial Statements

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of the Company and its wholly owned subsidiaries. Transactions with the Parent Company and other subsidiaries of the Parent Company are not eliminated from the financial statements of the Company. All other material intercompany transactions have been eliminated in consolidation.

On September 23, 2003, the Company purchased 68 percent of the non-voting preferred equity issued by Castle 2003-1 Trust ("Castle Trust") for \$182.3 million. The remaining non-voting preferred equity and 100 percent of the voting equity of Castle Trust are held by affiliates of the Company. Castle Trust is a Delaware statutory trust established on July 31, 2003. The business of Castle Trust and its wholly owned subsidiaries is limited to buying, owning, leasing and selling a portfolio of commercial jets. In December 2003, the FASB issued a "Revision to Interpretation No. 46, Consolidation of Variable Interest Entities" ("FIN46R") (See Note 2.14). In accordance with FIN46R, Castle Trust has been consolidated in the Company's consolidated financial statements for the years ending December 31, 2004 and 2003.

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and disclosures of contingent assets and liabilities. These estimates and assumptions are particularly significant with respect to investments, deferred acquisition costs, and policyholder benefits. Ultimate results could differ from those estimates.

Certain prior year amounts have been reclassified to conform with the current year presentation.

2.2 Statutory Accounting

The Company and its wholly owned life insurance subsidiaries are required to file financial statements with state regulatory authorities. State insurance laws and regulations prescribe accounting practices for calculating statutory net income and equity. In addition, state regulators may permit statutory accounting practices that differ from prescribed practices. The use of such permitted practices by the Company and its wholly owned life insurance subsidiaries did not have a material effect on statutory capital and surplus at December 31, 2004.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.2 Statutory Accounting (continued)

Statutory net income and capital and surplus of the Company at December 31 is as follows:

|                               | 2004        | 2003           | 2002        |
|-------------------------------|-------------|----------------|-------------|
|                               | -----       | -----          | -----       |
|                               |             | (In Thousands) |             |
| Statutory net income          | \$ 567,253  | \$ 134,370     | \$ 536,099  |
| Statutory capital and surplus | \$4,705,497 | \$4,066,448    | \$3,007,515 |

For statutory reporting purposes, the merger of AGII into AGL in 2004 was accounted for as a statutory merger. In accordance with statutory merger accounting requirements, statutory net income and capital and surplus for the prior years of 2003 and 2002 were restated to show comparative data.

The more significant differences between GAAP and statutory accounting principles are that under GAAP: (a) acquisition costs related to acquiring new business are deferred and amortized (generally in proportion to the present value of expected gross profits from surrender charges and investment, mortality, and expense margins), rather than being charged to operations as incurred; (b) future policy benefits are based on estimates of mortality, interest, and withdrawals generally representing the Company's experience, which may differ from those based on statutory mortality and interest requirements without consideration of withdrawals; (c) certain assets (principally agents' debit balances, computer software, and certain other receivables) are reported as assets rather than being charged to retained earnings; (d) acquisitions are accounted for using the purchase method of accounting rather than being accounted for as equity investments; and (e) fixed maturity investments are carried at fair value rather than amortized cost. In addition, statutory accounting principles require life insurance companies to establish an asset valuation reserve ("AVR") and an interest maintenance reserve ("IMR"). The AVR is designed to address the credit-related risk for bonds, preferred stocks, derivative instruments, and mortgages and market risk for common stocks, real estate, and other invested assets. The IMR is composed of investment- and liability-related realized gains and losses that result from interest rate fluctuations. These realized gains and losses, net of tax, are amortized into income over the expected remaining life of the asset sold or the liability released.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.3 Insurance Contracts

The insurance contracts accounted for in these financial statements include primarily long-duration contracts. Long-duration contracts include traditional whole life, limited payment, endowment, guaranteed renewable term life, universal life, and investment contracts. Long-duration contracts generally require the performance of various functions and services over a period of more than one year. The contract provisions generally cannot be changed or canceled by the insurer during the contract period; however, most new contracts written by the Company allow the insurer to revise certain elements used in determining premium rates or policy benefits, subject to guarantees stated in the contracts.

2.4 Investments

Fixed Maturity and Equity Securities

Fixed maturity and equity securities classified as available-for-sale are recorded at fair value at December 31, 2004 and 2003. Unrealized gains (losses), net of deferred taxes, are recorded in accumulated other comprehensive income (loss), within shareholder's equity. If the fair value of a security classified as available-for-sale declines below its cost and this decline is considered to be other than temporary, the security's amortized cost is reduced to its estimated fair value, and the reduction is recorded as a realized loss.

Fixed maturity and equity securities classified as trading securities are carried at market value, as it is the Company's intention to sell these securities in the near future. Unrealized gains and losses are reflected in income currently.

Mortgage Loans

Mortgage loans are reported at the unpaid principal balance, net of an allowance for losses. The allowance for losses covers estimated losses based on our assessment of risk factors such as potential non-payment or non-monetary default. The allowance is based on a loan-specific review.

Loans for which the Company determines that collection of all amounts due under the contractual terms is not probable are considered to be impaired. The Company generally looks to the underlying collateral for repayment of impaired loans. Therefore, impaired loans are reported at the lower of amortized cost or fair value of the underlying collateral, less estimated cost to sell.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.4 Investments (continued)

Policy Loans

Policy loans are reported at the aggregate unpaid principal balance. There is no allowance for policy loans as these loans serve to reduce the death benefits paid when the death claim is made and the balances are effectively collateralized by the cash surrender value of the policy.

Real Estate

Real estate is classified as held for investment or available for sale, based on management's intent. Real estate held for investment is carried at cost, less accumulated depreciation and impairment write-downs. Real estate available for sale is carried at the lower of cost (less accumulated depreciation, if applicable) or fair value less cost to sell.

Partnerships

Partnerships consist of equity partnerships and other partnerships not classified elsewhere herein. The equity partnerships in which the Company holds less than a five percent interest are carried at fair value and the change in fair value is recognized as a component of other comprehensive income. Partnerships in which the Company holds a five percent or more interest are also carried at fair value and the change in fair value is recorded to investment income, consistent with the equity method of accounting.

Included in partnerships are preferred equity investments in partially owned companies. Generally, the equity method of accounting is used for the Company's investment in companies in which the Company's ownership interest approximates 20 percent but is not greater than 50 percent.

As part of the consolidation of Castle Trust (see Note 2.1), included in partnerships is an investment in commercial aircraft totaling \$983.4 million, net of accumulated depreciation of \$65.2 million. These aircraft are recorded at cost and depreciated on a straight-line basis over their estimated lives of 25 years from the date of manufacture, to a residual value that is 15 percent of the Castle Trust cost. Total depreciation expense for the years ended December 31, 2004 and 2003 were \$51.3 million and \$13.9 million, respectively.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.4 Investments (continued)

Securities Lending Collateral and Securities Lending Payable

The Company loans securities through a securities lending agreement with an affiliated lending agent, which authorizes the agent to lend securities held in the Company's portfolio to a list of authorized borrowers. The Company receives primarily cash collateral in an amount in excess of the market value of the securities loaned. The affiliated lending agent monitors the daily market value of securities loaned with respect to the collateral value and obtains additional collateral when necessary to ensure that collateral is maintained at a minimum of 102 percent of the value of the loaned securities. Such collateral is not available for the general use of the Company. Income earned on the collateral, net of interest paid on the securities lending agreements and the related management fees paid to administer the program, is recorded as investment income in the consolidated statement of income and comprehensive income.

Dollar Roll Agreements

Throughout the year, the Company enters into dollar roll repurchase agreements, which involve the sale (delivery) of mortgage-backed securities ("MBS") and the repurchase of substantially the same pool of securities at a specific price in the future. Such transactions typically involve highly-rated government agency securities and are short-term in nature, typically with a period of 30 days. The dollar roll agreements are utilized by the Company as a financing strategy to enhance the return on its MBS portfolio.

At December 31, 2004 and 2003, the Company had no dollar roll agreements outstanding as the Company has historically closed out all dollar roll agreements at year-end.

#### Investment Income

Interest on fixed maturity securities and performing mortgage loans is recorded as income when earned and is adjusted for any amortization of premium or discount. Premiums and discounts on investments are amortized to investment income by using the interest method over the contractual lives or expected payment period of the investments. Interest on delinquent mortgage loans is recorded as income when received. Dividends are recorded as income on ex-dividend dates.

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### American General Life Insurance Company

#### Notes to Consolidated Financial Statements (continued)

#### 2. Accounting Policies (continued)

##### 2.4 Investments (continued)

##### Realized Investment Results

Realized capital gains and losses are determined principally by specific identification. The Company evaluates its investments for impairment.

As a matter of policy, the determination that a security has incurred an other-than-temporary decline in value and the amount of any loss recognition requires the judgement of the Company's management and a continual review of its investment.

In general, a security is considered a candidate for impairment if it meets any of the following criteria: Trading at a significant (25 percent or more) discount to par, amortized cost (if lower) or cost for an extended period of time (nine months or longer); The occurrence of a discrete credit event resulting in (i) the issuer defaulting on a material outstanding obligation; or (ii) the issuer seeking protection from creditors under the bankruptcy laws or any similar laws intended for the court supervised reorganization of insolvent enterprises; or (iii) the issuer proposing a voluntary reorganization pursuant to which creditors are asked to exchange their claims for cash or securities having a fair value substantially lower than par value of their claims; or in the opinion of the Companies management, it is possible that the Company may not realize a full recovery on its investment, irrespective of the occurrence of one of the foregoing events.

Once a security has been identified as impaired, the amount of such impairment is determined by reference to that security's contemporaneous market price, and recorded as a realized capital loss.

##### 2.5 Separate Accounts

Separate Accounts are assets and liabilities associated with certain contracts, principally annuities, for which the investment risk lies solely with the contract holder, except to the extent of minimum guarantees made by the Company with respect to certain accounts. Therefore, the Company's liability for these accounts equals the value of the account assets. Investment income, realized investment gains (losses), and policyholder account deposits and withdrawals related to separate accounts are excluded from the consolidated statements of income, comprehensive income, and cash flows. Assets held in Separate Accounts are primarily shares in mutual funds, which are carried at fair value based on the quoted net asset value per share.

The Company receives administrative fees for managing the funds and other fees for assuming mortality and certain expense risks. Such fees are included in premiums and other considerations in the consolidated statements of income.

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### American General Life Insurance Company

## 2. Accounting Policies (continued)

## 2.6 Deferred Policy Acquisition Costs ("DPAC") and Cost of Insurance Purchased ("CIP")

Certain costs of writing an insurance policy, including commissions, underwriting, and marketing expenses, are deferred and reported as DPAC. The cost assigned to certain insurance contracts in force at January 31, 1995, the date of American General Corporation's ("AGC") acquisition of The Franklin, is reported as CIP.

DPAC and CIP associated with interest-sensitive life contracts, insurance investment contracts, and participating life insurance contracts are charged to expense in relation to the estimated gross profits of those contracts. If estimated gross profits change significantly, DPAC and CIP balances are recalculated using the new assumptions. Any resulting adjustment is included in current earnings as an adjustment to DPAC or CIP amortization. DPAC and CIP associated with all other insurance contracts are charged to expense over the premium-paying period or as the premiums are earned over the life of the contract. Interest is accreted on the unamortized balance of DPAC at rates used to compute policyholder reserves and on the unamortized balance of CIP at rates of 3.00 percent to 8.25 percent.

With respect to the Company's variable annuity contracts, the assumption for the long-term annual growth of the separate and variable account assets used by the Company in the determination of DPAC amortization is approximately 10 percent (the "long-term growth rate assumption"). The Company uses a "reversion to the mean" methodology which allows the Company to maintain this 10 percent long-term growth rate assumption, while also giving consideration to the effect of short-term swings in the equity markets. For example, if performance were 15 percent during the first year following the introduction of a product, the DPAC model would assume that market returns for the following five years (the "short-term growth rate assumption") would approximate 9 percent, resulting in an average annual growth rate of 10 percent during the life of the product. Similarly, following periods of below 10 percent performance, the model will assume a short-term growth rate higher than 10 percent. An adjustment to DPAC will occur if management considers the short-term growth rate (i.e., the growth rate required to revert to the mean 10 percent growth rate over a five-year period) to be unachievable. The use of a reversion to the mean assumption is common within the industry; however, the parameters used in the methodology are subject to judgment and vary among companies. With respect to the Company's variable life products, the assumption for the long-term growth of the separate and variable account assets used by the Company in the determination of DPAC amortization is approximately 9 percent, but no reversion to the mean adjustment is applied.

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## American General Life Insurance Company

## Notes to Consolidated Financial Statements (continued)

## 2. Accounting Policies (continued)

## 2.6 Deferred Policy Acquisition Costs ("DPAC") and Cost of Insurance Purchased ("CIP") (continued)

DPAC and CIP related to interest-sensitive products are adjusted for the impact on estimated future gross profits as if net unrealized gains (losses) on securities had been realized at the balance sheet date. The impact of this adjustment, net of deferred taxes, is included in unrealized investment gains (losses) in accumulated other comprehensive income within shareholder's equity.

The Company reviews the carrying amounts of DPAC and CIP on at least an annual basis. Management considers estimated future gross profits or future premiums, expected mortality, interest earned and credited rates, persistency, and expenses in determining whether the carrying amount is recoverable. Any amounts deemed unrecoverable are charged to expense.

## 2.7 Policy and Contract Claims Reserves

Substantially all of the Company's insurance and annuity liabilities relate to long duration contracts. The contracts normally cannot be changed or canceled by the Company during the contract period.

Future policy benefits and policyholder contract deposits liabilities were as follows at December 31:

<TABLE>  
<CAPTION>

2004

2003

|                                 | (In Thousands) |              |
|---------------------------------|----------------|--------------|
| <S>                             | <C>            | <C>          |
| Future policy benefits:         |                |              |
| Ordinary life                   | 4,555,887      | 4,337,180    |
| Group life                      | 26,346         | 29,797       |
| Life contingent group annuities | 89,228         | 93,072       |
| Life contingent annuities       | 3,746,198      | 2,799,407    |
| Terminal funding                | 401,444        | 414,630      |
| Accident and health             | 337,158        | 224,829      |
|                                 | -----          | -----        |
| Total                           | \$ 9,156,261   | \$ 7,898,915 |
|                                 | =====          | =====        |
| Policyholder contract deposits: |                |              |
| Annuities                       | \$32,463,764   | \$30,891,794 |
| Corporate-owned life insurance  | 376,478        | 439,088      |
| Universal life                  | 5,598,281      | 5,228,572    |
|                                 | -----          | -----        |
| Total                           | \$38,438,523   | \$36,559,454 |
|                                 | =====          | =====        |

</TABLE>

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.7 Policy and Contract Claims Reserves (continued)

For interest-sensitive life insurance and investment contracts, reserves equal the sum of the policy account balance and deferred revenue charges. Reserves for other contracts are based on estimates of the cost of future policy benefits. Interest, mortality, and surrender assumptions vary by product and are generally based upon actual experience at the time of issue. Interest assumptions used to compute individual life reserves ranged from 1 percent to 11 percent.

The liability for policyholder contract deposits has been established based on various assumptions. Interest rates credited for deferred annuities vary by year of issuance and range from 3.0 percent to 5.70 percent. Current declared interest rates are generally guaranteed to remain in effect for a period of one year, though some are guaranteed for longer periods. Withdrawal charges generally range from 0.0 percent to 17.0 percent, grading to zero over a period of 0 to 20 years. Interest rates on corporate-owned life insurance are guaranteed at 3.0 percent and the weighted average rate credited in 2004 was 5.22 percent.

2.8 Guaranteed Minimum Death Benefits

A majority of the Company's variable annuity products are issued with a death benefit feature which provides that, upon the death of a contract holder, the contract holder's beneficiary will receive the greater of (1) the contract holder's account value, or (2) a guaranteed minimum death benefit that varies by product ("the GMDB"). Depending on the product, the GMDB may equal the principal invested, adjusted for withdrawals; or the principal invested, adjusted for withdrawals, accumulated with interest at rates up to 3 percent per annum (subject to certain caps). The GMDB has issue age and other restrictions to reduce mortality risk exposure. The Company bears the risk that death claims following a decline in the financial markets may exceed contract holder account balances, and that the fees collected under the contract are insufficient to cover the costs of the benefit to be provided. Prior to January 1, 2004, the Company expensed GMDB-related benefits in the period incurred, and therefore did not provide reserves for future benefits. Effective January 1, 2004, the Company provides reserves for future GMDB-related benefits pursuant to the adoption of Statement of Position 03-01, "Accounting and Reporting by Insurance Enterprises for Certain Non-traditional Long-Duration Contracts and for Separate Accounts" ("SOP 03-01"). The GMDB liability is determined each period end by estimating the expected value of death benefits in excess of the projected account balance and recognizing the excess ratably over the accumulation period based on total expected assessments. Changes in liabilities for minimum guarantees are included in guaranteed minimum death benefits in the consolidated statement of income and comprehensive income.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.8 Guaranteed Minimum Death Benefits (continued)

The Company regularly evaluates estimates used and adjusts the additional liability balance, with a related charge or credit to guaranteed minimum death benefit expense, if actual experience or other evidence suggests that earlier assumptions should be revised.

2.9 Premium Recognition

Most receipts for annuities and interest-sensitive life insurance policies are classified as deposits instead of revenue. Revenues for these contracts consist of mortality, expense, and surrender charges. Policy charges that compensate the Company for future services are deferred and recognized in income over the period earned, using the same assumptions used to amortize DPAC.

Premiums for traditional life insurance products are recognized when due. For limited-payment contracts, net premiums are recorded as revenue. The difference between the gross received and the net premium is deferred and recognized in a constant relationship to insurance in force for life insurance contracts and to the amount of expected future benefit payments for annuity contracts.

Variable annuity fees, asset management fees and surrender charges are recorded as income when earned. Net retained broker dealer commissions are recognized as income on a trade date basis.

2.10 Reinsurance

The Company generally limits its exposure to loss on any single insured to \$2.5 million by ceding additional risks through reinsurance contracts with other insurers. On an exception basis, the Company can increase its exposure to loss on any single insured up to \$5.0 million. The Company diversifies its risk of reinsurance loss by using a number of reinsurers that have strong claims-paying ability ratings. If the reinsurer could not meet its obligations, the Company would reassume the liability, as the Company remains primarily liable to the policyholder.

A receivable is recorded for the portion of benefits paid and insurance liabilities that have been reinsured. Total reinsurance recoverables on ceded reinsurance contracts are included in accounts receivable. The cost of reinsurance is recognized over the life of the reinsured policies using assumptions consistent with those used to account for the underlying policies.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.11 Participating Policy Contracts

Participating life insurance accounted for approximately 3 percent of life insurance in force at December 31, 2004.

The portion of earnings allocated to participating policyholders is excluded from net income and shareholder's equity. Dividends to be paid on participating life insurance contracts are determined annually based on estimates of the contracts' earnings. Policyholder dividends were \$60.8 million, \$67.9 million and \$76.1 million in 2004, 2003 and 2002, respectively, and were included in policyholders' benefits.

2.12 Income Taxes

For the tax years ending December 31, 2004, 2003 and 2002, the Company will join in the filing of a consolidated federal income tax return with AGC Life Insurance Company and its life insurance company subsidiaries. The Company has a written agreement with AGC Life Insurance Company setting forth the manner in which the total consolidated federal income tax is allocated to each entity that joins in the consolidation. Under this agreement, AGC Life Insurance Company agrees not to charge the Company a greater portion of the consolidated tax liability than would have been paid by the Company had it filed a separate federal income tax return. In addition, AGC Life Insurance Company agrees to reimburse the Company for the tax benefits from net losses and tax credits, if any, within a reasonable period of time after the filing of the consolidated federal income tax return for the year in which the losses are used.

Deferred tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of assets and liabilities, at the enacted tax rates expected to be in effect when the temporary differences reverse. The effect of a tax rate change is recognized in

income in the period of enactment. State income taxes are included in income tax expense.

A valuation allowance for deferred tax assets is provided if it is more likely than not that some portion of the deferred tax asset will not be realized. An increase or decrease in a valuation allowance that results from a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset is included in income.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.13 Derivatives

The Company takes positions from time to time in certain derivative financial instruments in order to mitigate or hedge the impact of changes in interest rates, foreign currencies and equity markets on cash flows investment income, policyholder liabilities and equity. The Company does not engage in the use of derivative instruments for speculative purposes and is neither a dealer or trader in derivative instruments.

Financial instruments used by the Company for such purposes include interest rate swaps, foreign currency swaps, S&P 500 index options (long and short positions) and futures options (short positions on U.S. treasury notes and U.S. long bonds).

The Company recognizes all derivatives in the consolidated balance sheet at fair value and utilizes hedge accounting. This means that, to the extent the hedge is deemed to be effective, the accounting for the derivative mirrors the accounting for the financial instruments being hedged.

On the date the derivative contract is entered into, the Company designates the derivative as a fair value hedge or cash flow hedge. It is a fair value hedge if it hedges subsequent changes in the fair value of a recognized asset or liability. It is a cash flow hedge if it hedges the variability of cash flows to be received or paid related to a recognized asset or liability. The gain or loss in the fair value of a derivative that is designated, qualifies and is highly effective as a fair value hedge is recorded in current period earnings to the extent the losses or gains of the hedged asset or liability are so recorded. Certain derivative gains or losses on fair value and cash flow hedges are recorded in other comprehensive income until such point that earnings are affected by the fair value changes and cash flows of the hedged asset or liability.

The Company documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The process includes linking all derivatives that are designated as hedged to specific assets or liabilities on the balance sheet. The Company also assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values and cash flows of hedged items. On a quarterly basis the Company evaluates and assesses ongoing compliance with regulatory limits on derivative holdings.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.13 Derivatives (continued)

During 2004, there were no hedges discontinued or otherwise no longer qualified as hedges. Any gain or loss resulting from such early terminations would be deferred and amortized into income over the remaining term of the hedged instrument. Were such hedged instrument subsequently extinguished or sold, any related gain or loss deferred from the swap would be recognized immediately into income.

2.14 Recently Issued Accounting Standards

In January 2003, FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN46"). FIN46 changes the method of determining whether certain entities should be consolidated in the Company's consolidated financial statements. An entity is subject to FIN46 and is called a Variable Interest

Entity ("VIE") if it has (i) equity that is insufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, or (ii) equity investors that cannot make significant decisions about the entity's operations, or do not absorb the expected losses or receive the expected returns of the entity. All other entities are evaluated for consolidation under existing guidance. A VIE is consolidated by its primary beneficiary, which is the party that has a majority of the expected losses or a majority of the expected residual returns of the VIE, or both. In December 2003, the FASB issued FIN46R.

The provisions of FIN46R are to be applied immediately to VIEs created after January 31, 2003, and to VIEs in which the Company obtains an interest after that date. For VIEs in which the Company holds a variable interest that is acquired before February 1, 2003, FIN46R was applied as of December 31, 2003. For any VIEs that must be consolidated under FIN46R that were created before February 1, 2003, the assets, liabilities and noncontrolling interest of the VIE would be initially measured at their carrying amounts with any difference between the net amount added to the balance sheet and any previously recognized interest being recognized as the cumulative effect of an accounting change.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.14 Recently Issued Accounting Standards (continued)

The following VIE activities are not consolidated by the Company under FIN46R:

- i. The Company manages collateralized bond and loan obligation trusts (collectively, collateralized debt obligation trust or CDO trust). As asset manager, the Company receives fees for management of the assets held in the CDO trust, which support the issuance of securities sold by the CDO trust. The Company may take minority equity and/or fixed-income security interest in the CDO trust. The Company has entered into such arrangements to expand its asset management activities. Third-party investors have recourse only to the CDO trust, and have no recourse to the Company. The Company does not consolidate these CDO trusts, pursuant to FIN46R.
- ii. The Company also invests in assets of VIEs. These VIEs are established by unrelated third parties. Investments include collateralized mortgage backed securities and similar securities backed by pools of mortgages, consumer receivables or other assets. The investment in these VIEs allows the Company to purchase assets permitted by insurance regulations while maximizing their return on these assets. These VIEs are not consolidated by the Company, pursuant to FIN46R.

In July 2003, the American Institute of Certified Public Accountants ("AICPA") issued SOP 03-01. This statement was effective as of January 1, 2004 and requires the Company to recognize a liability for GMDB, as discussed above, related to its variable annuity and variable life contracts and modifies certain disclosures and financial statement presentations for these products. The Company reported a one-time cumulative accounting charge upon adoption of \$16.9 million to reflect the guaranteed minimum death benefit liability as of January 1, 2004. In addition, under SOP 03-01, variable annuity assets held in separate accounts will continue to be measured at fair value and reported in summary total on the Company's financial statements, with an equivalent summary total reported for related liabilities, if the separate account arrangement meets certain specified conditions. Assets underlying the Company's interest in a separate account ("separate account seed money") do not qualify for separate account accounting and reporting.

The Company was required to "look through" the separate account for the purposes of accounting for its interest therein, and account for and classify separate account seed money based on its nature as if the assets of the separate account underlying the Company's interest were held directly by the general account rather than through the separate account structure. The adoption of SOP 03-01 did not have a material impact on the Company's separate accounts or separate account seed money.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.14 Recently Issued Accounting Standards (continued)

In December 2004, the FASB issued Statement No. 123 (revised 2004) ("FAS 123R"), "Share-Based Payment." FAS 123R replaces FASB Statement No. 123 ("FAS 123"), "Accounting for Stock-based Compensation," and superseded APB Opinion No. 25, "Accounting for Stock Issued to Employees." FAS 123, as originally issued in 1995, established as preferable a fair-value-based method of accounting for share-based payment transactions with employees. On January 1, 2003, AIG adopted the recognition provisions of FAS 123. The effect of the compensation costs, as determined consistent with FAS 123, was not computed on a subsidiary basis, but rather on a consolidated basis for all subsidiaries of AIG and, therefore, are not presented herein. FAS 123R is effective for the annual periods beginning after June 15, 2005. AIG and the Company are currently assessing the impact of FAS 123R and believes the impact will not be material to AIG's or the Company's results of operations.

In June 2004, the FASB issued FSP No. 97-1, "Situations in Which Paragraphs 17(b) and 20 of FASB Statement No. 97, Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments, Permit or Require Accrual of an Unearned Revenue Liability." FSP 97-1 clarifies the accounting for unearned revenue liabilities of certain universal-life type contracts under SOP 03-01. The Company's adoption of FSP 97-1 on July 1, 2004 did not change the accounting for unearned revenue liabilities and, therefore, had no impact on the Company's consolidated financial position or results of operations. In September 2004, the AICPA SOP 03-01 Implementation Task Force issued a Technical Practice Aid ("TPA") to clarify certain aspects of SOP 03-01. The Company is currently evaluating the effect of the implementation of this TPA in its operations on the Company's consolidated financial position or results of operations.

In March 2004, the EITF of the FASB reached a final consensus on Issue 03-01, "Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments." This Issue establishes impairment models for determining whether to record impairment losses associated with investments in certain equity and debt securities. It also requires income to be accrued on a level-yield basis following an impairment of debt securities, where reasonable estimates of the timing and amount of future cash flows can be made. The Company's policy is generally to record income only as cash is received following an impairment of a debt security. In September 2004, the FASB issued Staff Position ("FSP") EITF 03-01-1, which defers the effective date of a substantial portion of EITF 03-01, from the third quarter of 2004, as originally required by the EITF, until such time as FASB issues further implementation guidance, which is expected sometime in 2005. The Company will continue to monitor developments concerning this Issue and is currently unable to estimate the potential effects of implementing EITF 03-01 on the Company's consolidated financial position or results of operations.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

3. Investments

3.1 Investment Income

Investment income by type of investment was as follows for the years ended December 31:

|                               | 2004           | 2003        | 2002        |
|-------------------------------|----------------|-------------|-------------|
|                               | -----          | -----       | -----       |
|                               | (In Thousands) |             |             |
| Investment income:            |                |             |             |
| Fixed maturities              | \$3,165,313    | \$2,983,484 | \$2,789,590 |
| Equity securities             | 8,070          | 13,148      | 2,199       |
| Mortgage loans on real estate | 235,321        | 240,745     | 226,329     |
| Investment real estate        | 10,265         | 8,229       | 15,303      |
| Policy loans                  | 99,421         | 105,214     | 102,479     |
| Other long-term investments   | 85,650         | (35,388)    | (69,064)    |
| Short-term investments        | 16,697         | 18,431      | 23,078      |
|                               | -----          | -----       | -----       |
| Gross investment income       | 3,620,737      | 3,333,863   | 3,089,914   |
| Investment expenses           | 63,577         | 45,177      | 35,384      |
|                               | -----          | -----       | -----       |
| Net investment income         | \$3,557,160    | \$3,288,686 | \$3,054,530 |
|                               | =====          | =====       | =====       |

The carrying value of investments that produced no investment income during 2004 was less than 0.3 percent of total invested assets. The ultimate disposition of these investments is not expected to have a material effect on the Company's results of operations and financial position.

Derivative financial instruments did not have a material effect on net investment income in 2004, 2003 and 2002. During 2004, 2003 and 2002, investment income from other long-term investments is primarily related to gains or losses associated with various partnership interests.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

3.2 Net Realized Investment Gains (Losses)

Realized gains (losses) by type of investment were as follows for the years ended December 31:

|   | 2004<br>-----  | 2003<br>----- | 2002<br>----- |
|---|----------------|---------------|---------------|
|   | (In Thousands) |               |               |
| Fixed maturities:                         |                |               |               |
| Gross gains                               | \$ 198,777     | \$ 357,694    | \$ 398,239    |
| Gross losses                              | (270,129)      | (400,061)     | (697,068)     |
| Total fixed maturities                    | (71,352)       | (42,367)      | (298,829)     |
| Equity securities                         | 7,041          | 2,099         | (191)         |
| Partnerships                              | (60,101)       | (9,424)       | (6,145)       |
| Other                                     | (33,876)       | (7,087)       | 9,821         |
| Net realized investment losses before tax | (158,288)      | (56,779)      | (295,344)     |
| Income tax benefit                        | (58,523)       | (19,873)      | (103,370)     |
| Net realized investment losses after tax  | \$ (99,765)    | \$ (36,906)   | \$ (191,974)  |
|   | =====          | =====         | =====         |

During 2004, 2003 and 2002, the Company's realized losses included write-downs of \$65 million, \$274 million and \$317 million, respectively, for certain available for sale fixed maturity investments that experienced declines deemed other than temporary. The determination that a security has incurred an other than temporary decline in value and the amount of loss recognition requires the judgement of the Company's management and a continual review of its investments.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

3.3 Fixed Maturity and Equity Securities

The following table summarizes the Company's gross unrealized losses and estimated fair values on fixed maturity securities available for sale and equity securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2004:

<TABLE>  
<CAPTION>

|                           | Less than 12 Months<br>----- |                   | 12 Months or More<br>----- |                   | Total<br>----- |                   |
|---------------------------|------------------------------|-------------------|----------------------------|-------------------|----------------|-------------------|
|                           | (In Thousands)               |                   |                            |                   |                |                   |
|                           | Fair Value                   | Unrealized Losses | Fair Value                 | Unrealized Losses | Fair Value     | Unrealized Losses |
|                           | -----                        | -----             | -----                      | -----             | -----          | -----             |
| <S>                       | <C>                          | <C>               | <C>                        | <C>               | <C>            | <C>               |
| Fixed maturity securities | \$4,902,790                  | \$ 99,579         | \$1,518,651                | \$78,317          | \$6,421,441    | \$177,896         |
| Equity securities         | 8,754                        | 2,497             | 101                        | 23                | 8,855          | 2,520             |
|                           | -----                        | -----             | -----                      | -----             | -----          | -----             |
| Total                     | \$4,911,544                  | \$102,076         | \$1,518,752                | \$78,340          | \$6,430,296    | \$180,416         |
|                           | =====                        | =====             | =====                      | =====             | =====          | =====             |

</TABLE>

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## Notes to Consolidated Financial Statements (continued)

## 3. Investments (continued)

## 3.3 Fixed Maturity and Equity Securities (continued)

Fixed maturity and equity securities classified as available-for-sale are reported at fair value. Amortized cost and fair value at December 31, 2004 and 2003 were as follows:

|                                       | Amortized<br>Cost | Gross<br>Unrealized<br>Gain | Gross<br>Unrealized<br>Loss | Fair<br>Value |
|---------------------------------------|-------------------|-----------------------------|-----------------------------|---------------|
|                                       | (In Thousands)    |                             |                             |               |
| <S>                                   | <C>               | <C>                         | <C>                         | <C>           |
| December 31, 2004                     |                   |                             |                             |               |
| Fixed maturity securities:            |                   |                             |                             |               |
| Corporate securities:                 |                   |                             |                             |               |
| Investment-grade                      | \$27,206,453      | \$2,139,206                 | \$ (65,676)                 | \$29,279,983  |
| Below investment-grade                | 2,990,210         | 209,999                     | (42,729)                    | 3,157,480     |
| Mortgage-backed securities            | 12,523,571        | 347,005                     | (40,439)                    | 12,830,137    |
| U.S. government obligations           | 214,984           | 31,887                      | (834)                       | 246,037       |
| Foreign governments                   | 411,263           | 46,495                      | (207)                       | 457,551       |
| State and political subdivisions      | 3,188,957         | 184,295                     | (24,610)                    | 3,348,642     |
| Collateralized bonds                  | 59,077            | 160                         | (2,798)                     | 56,439        |
| Redeemable preferred stocks           | 51,712            | 9,055                       | (603)                       | 60,164        |
| Total fixed maturity securities       | \$46,646,227      | \$2,968,102                 | \$ (177,896)                | \$49,436,433  |
| Equity securities                     | \$ 48,038         | \$ 24,776                   | \$ (2,520)                  | \$ 70,294     |
| Separate account seed money           | \$ 39,758         | \$ 1,735                    | \$ (5)                      | \$ 41,488     |
| Investment in ultimate Parent Company | \$ 8,597          | \$ 44,606                   | \$ --                       | \$ 53,203     |

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## Notes to Consolidated Financial Statements (continued)

## 3. Investments (continued)

## 3.3 Fixed Maturity and Equity Securities (continued)

|                                       | Amortized<br>Cost | Gross<br>Unrealized<br>Gain | Gross<br>Unrealized<br>Loss | Fair<br>Value |
|---------------------------------------|-------------------|-----------------------------|-----------------------------|---------------|
|                                       | (In Thousands)    |                             |                             |               |
| <S>                                   | <C>               | <C>                         | <C>                         | <C>           |
| December 31, 2003                     |                   |                             |                             |               |
| Fixed maturity securities:            |                   |                             |                             |               |
| Corporate securities:                 |                   |                             |                             |               |
| Investment-grade                      | \$22,652,679      | \$1,790,509                 | \$ (81,969)                 | \$24,361,219  |
| Below investment-grade                | 4,292,052         | 240,752                     | (174,159)                   | 4,358,645     |
| Mortgage-backed securities            | 12,549,589        | 322,479                     | (109,018)                   | 12,763,050    |
| U.S. government obligations           | 285,458           | 33,931                      | (1,932)                     | 317,457       |
| Foreign governments                   | 336,692           | 37,805                      | (255)                       | 374,242       |
| State and political subdivisions      | 2,955,362         | 173,207                     | (17,100)                    | 3,111,469     |
| Collateralized bonds                  | 33,233            | 306                         | (489)                       | 33,050        |
| Redeemable preferred stocks           | 27,946            | 2,871                       | (819)                       | 29,998        |
| Total fixed maturity securities       | \$43,133,011      | \$2,601,860                 | \$ (385,741)                | \$45,349,130  |
| Equity securities                     | \$ 93,182         | \$ 13,866                   | \$ (8,525)                  | \$ 98,523     |
| Separate account seed money           | \$ 90,670         | \$ 6,000                    | \$ (5,000)                  | \$ 91,670     |
| Investment in ultimate Parent Company | \$ 8,597          | \$ 45,100                   | \$ --                       | \$ 53,697     |

## American General Life Insurance Company

## Notes to Consolidated Financial Statements (continued)

## 3. Investments (continued)

## 3.3 Fixed Maturity and Equity Securities (continued)

Net unrealized gains (losses) on securities included in accumulated other comprehensive income in shareholder's equity at December 31 were as follows:

|                                       | 2004        | 2003           | 2002        |
|---------------------------------------|-------------|----------------|-------------|
|                                       | -----       | -----          | -----       |
|                                       |             | (In Thousands) |             |
| Gross unrealized gains                | \$3,039,219 | \$2,666,826    | \$2,513,951 |
| Gross unrealized losses               | (180,421)   | (399,266)      | (943,681)   |
| DPAC and other fair value adjustments | (635,113)   | (544,476)      | (456,081)   |
| Deferred federal income taxes         | (788,071)   | (609,027)      | (406,075)   |
|                                       | -----       | -----          | -----       |
| Net unrealized gains on securities    | \$1,435,614 | \$1,114,057    | \$ 708,114  |
|                                       | =====       | =====          | =====       |

The contractual maturities of fixed maturity securities at December 31 were as follows:

|  | 2004              |                 |
|--|-------------------|-----------------|
|  | -----             | -----           |
|  | Amortized<br>Cost | Market<br>Value |
|  | -----             | -----           |
|  | (In Thousands)    |                 |
| Fixed maturity securities, excluding mortgage-backed securities: |                   |                 |
| Due in one year or less  | \$ 696,275        | \$ 714,466      |
| Due after one year through five years                            | 4,183,308         | 4,499,727       |
| Due after five years through ten years                           | 11,166,777        | 11,917,222      |
| Due after ten years  | 18,076,296        | 19,474,881      |
| Mortgage-backed securities                                       | 12,523,571        | 12,830,137      |
|  | -----             | -----           |
| Total fixed maturity securities                                  | \$46,646,227      | \$49,436,433    |
|  | =====             | =====           |

Actual maturities may differ from contractual maturities, since borrowers may have the right to call or prepay obligations. In addition, corporate requirements and investment strategies may result in the sale of investments before maturity. Proceeds from sales of fixed maturities were \$28.7 billion, \$31.5 billion and \$30.5 billion, during 2004, 2003 and 2002, respectively.

At December 31, 2004, \$46.9 million of bonds, at amortized cost, were on deposit with regulatory authorities in accordance with statutory requirements.

## American General Life Insurance Company

## Notes to Consolidated Financial Statements (continued)

## 3. Investments (continued)

## 3.4 Mortgage Loans on Real Estate

Diversification of the geographic location and type of property collateralizing mortgage loans reduces the concentration of credit risk. For new loans, the Company requires loan-to-value ratios of 75 percent or less, based on management's credit assessment of the borrower. The mortgage loan portfolio was distributed as follows at December 31, 2004 and 2003:

|                          | Outstanding<br>Amount | Percent of<br>Total | Percent<br>Nonperforming |
|--------------------------|-----------------------|---------------------|--------------------------|
|                          | -----                 | -----               | -----                    |
|                          | (In Millions)         |                     |                          |
| December 31, 2004        |                       |                     |                          |
| Geographic distribution: |                       |                     |                          |
| South Atlantic           | \$ 741                | 22.3%               | 0.0%                     |
| Pacific                  | 572                   | 17.2                | 0.0                      |
| Mid-Atlantic             | 681                   | 20.5                | 2.1                      |
| East North Central       | 388                   | 11.7                | 7.5                      |
| Mountain                 | 174                   | 5.2                 | 0.0                      |
| West South Central       | 226                   | 6.8                 | 0.0                      |

|                      |         |        |       |
|----------------------|---------|--------|-------|
| East South Central   | 246     | 7.4    | 0.0   |
| West North Central   | 104     | 3.1    | 10.4  |
| New England          | 170     | 5.1    | 0.0   |
| Canada               | 23      | 0.7    | 0.0   |
| Allowance for losses | (0)     | (0.0)  | 0.0   |
|                      | -----   | -----  | ----- |
| Total                | \$3,325 | 100.0% | 1.6%  |
|                      | =====   | =====  | ===== |

|                      |         |        |       |
|----------------------|---------|--------|-------|
| Property type:       |         |        |       |
| Office               | \$1,290 | 38.8%  | 3.5%  |
| Retail               | 952     | 28.6   | 0.0   |
| Industrial           | 419     | 12.6   | 0.0   |
| Apartments           | 425     | 12.8   | 0.0   |
| Hotel/motel          | 54      | 1.6    | 15.4  |
| Other                | 185     | 5.6    | 0.0   |
| Allowance for losses | (0)     | (0.0)  | 0.0   |
|                      | -----   | -----  | ----- |
| Total                | \$3,325 | 100.0% | 1.6%  |
|                      | =====   | =====  | ===== |

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

3.4 Mortgage Loans on Real Estate (continued)

|                          | Outstanding<br>Amount | Percent of<br>Total | Percent<br>Nonperforming |
|--------------------------|-----------------------|---------------------|--------------------------|
|                          | -----                 | -----               | -----                    |
| (In Millions)            |                       |                     |                          |
| December 31, 2003        |                       |                     |                          |
| Geographic distribution: |                       |                     |                          |
| South Atlantic           | \$ 711                | 24.1%               | 0.0%                     |
| Pacific                  | 506                   | 17.1                | 0.0                      |
| Mid-Atlantic             | 506                   | 17.1                | 0.0                      |
| East North Central       | 459                   | 15.5                | 0.0                      |
| Mountain                 | 70                    | 2.4                 | 0.0                      |
| West South Central       | 197                   | 6.7                 | 0.0                      |
| East South Central       | 251                   | 8.5                 | 0.0                      |
| West North Central       | 121                   | 4.1                 | 0.8                      |
| New England              | 139                   | 4.7                 | 0.0                      |
| Allowance for losses     | (7)                   | (0.2)               | 0.0                      |
|                          | -----                 | -----               | -----                    |
| Total                    | \$2,953               | 100.0%              | 0.0%                     |
|                          | =====                 | =====               | =====                    |
| Property type:           |                       |                     |                          |
| Office                   | \$1,261               | 42.7%               | 0.0%                     |
| Retail                   | 844                   | 28.5                | 0.1                      |
| Industrial               | 386                   | 13.1                | 0.0                      |
| Apartments               | 312                   | 10.6                | 0.0                      |
| Hotel/motel              | 55                    | 1.9                 | 0.0                      |
| Other                    | 102                   | 3.4                 | 0.0                      |
| Allowance for losses     | (7)                   | (0.2)               | 0.0                      |
|                          | -----                 | -----               | -----                    |
| Total                    | \$2,953               | 100.0%              | 0.0%                     |
|                          | =====                 | =====               | =====                    |

Impaired mortgage loans on real estate and related interest income is not material.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

4. Deferred Policy Acquisition Costs and Cost of Insurance Purchased

The following reflects deferred policy acquisition costs (commissions, direct solicitation and other costs) which will be amortized against future income and the related current amortization charges to income, excluding certain amounts deferred and amortized in the same period:

<TABLE>  
<CAPTION>

|   | 2004           | 2003        | 2002        |
|---|----------------|-------------|-------------|
|   | (In Thousands) |             |             |
| <S>   | <C>            | <C>         | <C>         |
| Balance at January 1                            | \$2,911,767    | \$2,777,562 | \$2,752,571 |
| Capitalization                                  | 754,087        | 578,665     | 460,253     |
| Accretion of interest/amortization              | (280,898)      | (326,641)   | (196,028)   |
| Effect of unrealized gains on securities        | (89,827)       | (108,572)   | (280,942)   |
| Effect of realized losses (gains) on securities | (2,896)        | (9,247)     | 41,708      |
| Balance at December 31                          | \$3,292,233    | \$2,911,767 | \$2,777,562 |

</TABLE>

The Company adjusts DAC amortization ("a DAC unlocking") when estimates of current or future gross profits to be realized are revised. In 2002, DAC amortization was reduced by \$46.5 million to reflect a change in the amortization period and reduced by \$56 million due to improved persistency, offset by a \$56 million increase to reflect lower earnings for equity markets.

A roll forward of the cost of insurance purchased ("CIP") for the years ended December 31, were as follows:

|   | 2004           | 2003      | 2002      |
|---|----------------|-----------|-----------|
|   | (In Thousands) |           |           |
| <S>   | <C>            | <C>       | <C>       |
| Balance at January 1                              | \$338,520      | \$351,600 | \$312,609 |
| Deferral of renewal commissions                   | 3,623          | 5,274     | 6,391     |
| Accretion of interest/amortization                | (30,316)       | 15,612    | (2,300)   |
| Effect of unrealized (gains) losses on securities | 12,725         | (33,966)  | 33,700    |
| Effect of realized losses on securities           | 368            | --        | 1,200     |
| Balance at December 31                            | \$324,920      | \$338,520 | \$351,600 |

</TABLE>

During 2003, the Company reduced their CIP amortization by \$34 million primarily due to improved mortality. CIP amortization expected to be recorded in each of the next five years is \$21.5 million, \$21.0 million, \$20.5 million, \$19.7 million, and \$18.3 million, respectively.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

5. Reserves for Guaranteed Benefits

Details concerning the Company's guaranteed minimum death benefit exposure as of December 31, 2004 were as follows:

|  | Return of Net Deposits<br>Plus a Minimum Return |
|--|---|
|  | (In Millions)                                   |
| Account value                            | \$ 43,750                                       |
| Net amount at risk / (a) /               | 2,199   |
| Average attained age of contract holders | 54  |
| Range of guaranteed minimum return rates | 0.00%-3.00%                                     |

/(a)/ Net amount at risk represents the guaranteed benefit exposure in excess of the current account value if all contract holders died at the same balance sheet date.

The following summarizes the reserve for guaranteed benefits on variable contracts, which is reflected in the general account and reported in reserves for fixed annuity contracts on the consolidated balance sheet:

|                                    | (In Millions) |
|------------------------------------|---------------|
| Balance at January 1, 2004 / (b) / | \$ 13         |
| Guaranteed benefits incurred       | 8             |
| Guaranteed benefits paid           | (11)          |
| Balance at December 31, 2004       | \$ 10         |

/(b)/ Included in the one-time cumulative effect of accounting change resulting from the adoption of SOP 03-1.

The following assumptions and methodology were used to determine the reserve for guaranteed benefits at December 31, 2004:

- . Data used was 1,000 stochastically generated investment performance scenarios.
- . Mean investment performance assumption was 10%.
- . Volatility assumption was 16%.
- . Mortality was assumed to be 70% to 87.5% of the 1983a table.
- . Lapse rates vary by contract type and duration and range from 5% to 25%.
- . The discount rate was 3% to 8%.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

6. Other Assets

Other assets consisted of the following:

|                                      | December 31    |           |
|--------------------------------------|----------------|-----------|
|                                      | 2004           | 2003      |
|                                      | (In Thousands) |           |
| Goodwill                             | \$ 39,780      | \$ 38,973 |
| Computer software, net               | 104,114        | 121,866   |
| Account receivable from brokers, net | 29,437         | 84,794    |
| Prepaid expenses                     | 36,605         | 36,869    |
| Property and equipment               | 49,594         | 61,893    |
| Other                                | 12,740         | 32,183    |
|                                      | -----          | -----     |
| Total other assets                   | \$272,270      | \$376,578 |
|                                      | =====          | =====     |

7. Restructuring Charges

In connection with the Parent's merger with AGC during 2001, the Company incurred \$180.4 million in restructuring costs. Of the total restructuring charges, approximately \$177.2 million has been paid as of December 31, 2004. The remaining balance is included in Other Liabilities.

8. Federal Income Taxes

8.1 Tax Liabilities

Income tax liabilities were as follows:

|                              | December 31    |             |
|------------------------------|----------------|-------------|
|                              | 2004           | 2003        |
|                              | (In Thousands) |             |
| Current tax receivables      | \$ (98,435)    | \$ (19,844) |
| Net deferred tax liabilities | 1,541,342      | 1,124,026   |
|                              | -----          | -----       |
| Income tax payable           | \$1,442,907    | \$1,104,182 |
|                              | =====          | =====       |

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

8. Federal Income Taxes (continued)

8.1 Tax Liabilities (continued)

The components of deferred tax liabilities and assets at December 31 were as follows:

|  | 2004           | 2003  |
|--|----------------|-------|
|  | (In Thousands) |       |
|  | -----          | ----- |

|   |             |             |
|---|-------------|-------------|
| Deferred tax liabilities applicable to:                               |             |             |
| Deferred policy acquisition costs                                     | \$ 998,567  | \$ 997,483  |
| Basis differential of investments                                     | 190,550     | 72,232      |
| Net unrealized gains on debt and equity securities available for sale | 882,992     | 597,954     |
| Capitalized EDP   | 26,599      | 30,702      |
| Prepaid expenses  | 12,803      | 12,679      |
| Other   | 47,492      | 58,044      |
|   | -----       | -----       |
| Total deferred tax liabilities  | 2,159,003   | 1,769,094   |
| Deferred tax assets applicable to:                                    |             |             |
| Policy reserves   | (584,450)   | (639,638)   |
| Other   | (33,211)    | (5,430)     |
|   | -----       | -----       |
| Total deferred tax assets   | (617,661)   | (645,068)   |
|   | -----       | -----       |
| Net deferred tax liabilities  | \$1,541,342 | \$1,124,026 |
|   | =====       | =====       |

Under prior federal income tax law, one-half of the excess of a life insurance company's income from operations over its taxable investment income was not taxed, but was set aside in a special tax account designated as "policyholders' surplus." At December 31, 2004, the Company had approximately \$382 million of policyholders' surplus on which no deferred tax liability has been recognized, as federal income taxes are not required unless it is distributed as a dividend, or recognized under other specified conditions. The Company does not believe that any significant portion of the account will be taxed in the foreseeable future. If the entire balance of the policyholders' surplus became taxable at the current federal income tax rates, the tax would be approximately \$134 million. The American Jobs Creation Act of 2004 modified federal income tax law to allow life insurance companies to distribute amounts from policyholders' surplus during 2005 and 2006 without incurring federal income tax on the distributions. The Company is evaluating this new law and expects to eliminate its policyholders' surplus balance during these two years.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

8. Federal Income Taxes (continued)

8.2 Tax Expense

Components of income tax expense (benefit) for the years ended December 31 were as follows:

<TABLE>  
<CAPTION>

|  | 2004           | 2003      | 2002       |
|--|----------------|-----------|------------|
|  | -----          | -----     | -----      |
|  | (In Thousands) |           |            |
| <S>  | <C>            | <C>       | <C>        |
| Income tax at statutory percentage of GAAP pretax income | \$526,571      | \$450,865 | \$ 344,654 |
| Non-conventional fuel source credits                     | (96,202)       | (93,655)  | (101,917)  |
| Dividends received deduction                             | (19,828)       | (18,632)  | (21,641)   |
| State taxes  | 11,823         | 9,114     | 7,659      |
| Low income housing & other tax credits                   | (6,654)        | (6,718)   | (6,607)    |
| Other current taxes related to IRS settlements           | (27)           | (6,700)   | (46,237)   |
| Prior year true-ups                                      | (16,310)       | (3,225)   | (1,956)    |
| Non-qualifying and incentive stock option adjustments    | --             | (2,215)   | (3,872)    |
| Other  | (661)          | (2,279)   | 2,336      |
|  | -----          | -----     | -----      |
| Income tax expense                                       | \$398,712      | \$326,555 | \$ 172,419 |
|  | =====          | =====     | =====      |

</TABLE>

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

9. Transactions With Affiliates

Notes receivable from affiliates were as follows:

<TABLE>



amount of the retained liability on AIGB's books related to this agreement at December 31, 2004 totaled \$295,000. The Company feels the probability of loss under this agreement is remote.

Effective June 23, 2003, the Company entered into a Cut-through Agreement with AIG Life of Canada ("AIGC") pursuant to which claimants were granted a direct right of action against the Company in the event AIGC becomes insolvent or otherwise cannot or refuses to perform its obligations under certain structured settlement contracts issued by AIGC. On November 6, 2003, the Company filed the Cut-through Agreement with the Texas Department of Insurance (the

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

9. Transactions With Affiliates (continued)

Department). In early 2005, the Company discussed this Cut-through Agreement with the Department and it was agreed that the reserve established under these contracts would not exceed \$300 million without the consent of the Department. As of December 31, 2004, the reserves recorded by AIGC, related to these contracts, totaled \$121 million. The Company feels the probability of loss under this agreement is remote.

On June 23, 2003, VALIC, a subsidiary of the Company, extended credit in the amount of \$52.5 million (the "Credit Extension") to Highstar Renewable Fuels, LLC ("Highstar"), an indirect wholly owned subsidiary of AIG. The Credit Extension was evidenced by a note dated June 23, 2003 (the "Note"). The Credit Extension was comprised of the following: (i) a loan in the amount of \$37.5 million to Highstar (the "Loan"), (ii) a commitment to make an additional loan to Highstar in an aggregate amount not to exceed \$2.5 million (the "Commitment") and (iii) a guaranty (the "Guaranty") to a bank that is not affiliated with VALIC (the "Bank"). Pursuant to the terms of the Guaranty, VALIC guaranteed the obligations of other companies (the "LOC Applicants") to the Bank, which obligations were set forth in reimbursement agreements related to standby letters of credit (the "letters of Credit") issued by the Bank. Highstar as a non-controlling partial indirect ownership interest in the LOC Applicants.

The primary beneficiaries of the Letters of Credit are partially owned by the LOC Applicant. If any beneficiary of a Letter of Credit drew against the Letter of Credit, VALIC may have been required to pay the Bank an amount equal to the amount of the draws against the Letter of Credit, but not more than the Guaranteed Amount. Pursuant to the terms of the Note, Highstar was obligated to reimburse the Company for any amounts paid by the Company under the Guaranty. Pursuant to the terms of the Guaranty, the Company had a maximum liability of \$12.5 million plus cost of enforcement and collection, if any. Interest on the Note, which accrued at a rate of 12% per annum, and a commitment fee of \$0.5 million, were due at maturity. VALIC recognized interest income on the Note of \$1.9 million and \$2.4 million for the years ended December 31, 2004 and 2003, respectively. The Loan matured and the Commitment expired on June 30, 2004. As of June 30, 2004, VALIC had received from Highstar all amounts due under the Note, and Highstar caused the Guaranty to be released by the Bank on that date.

On December 31, 2002, the Company sold certain partnership interests to an affiliate, Pine Street Holdings I LLC ("Pine Street Holdings"). Total proceeds received were \$59.8 million, resulting in a realized gain of \$5.4 million. The consideration received included \$20.7 million of 1.38 percent secured term notes due December 31, 2012, and \$14.1 million of preferred membership equity interests, issued by Pine Street Holdings.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

9. Transactions With Affiliates (continued)

The Company's insurance policy obligations are guaranteed by American Home Assurance Company ("American Home"), a subsidiary of AIG. This guarantee is unconditional and irrevocable as to outstanding obligations, and the Company's contractholders have the right to enforce the guarantee directly against American Home. While American Home does not publish financial statements, it does file statutory annual and quarterly reports with the New York State Insurance Department, where such reports are available to the public.

10. Benefit Plans

Effective January 1, 2002, the Company's employees participate in various

benefit plans sponsored by AIG, including a noncontributory qualified defined benefit retirement plan, various stock option and purchase plans, a 401(k) plan and a post retirement benefit program for medical care and life insurance. AIG's U.S. plans do not separately identify projected benefit obligations and plan assets attributable to employees of participating affiliates.

## 11. Derivative Financial Instruments

### 11.1 Use of Derivative Financial Instruments

The Company's use of derivative financial instruments is generally limited to swaps, currency swaps, S&P 500 index options and treasury note and U.S. long bond futures as hedges of certain financial assets and liabilities as follows:

| Derivative Instrument               | Hedged Item  |
|-------------------------------------|--|
| Interest rate and currency swaps    | Private placement bonds  |
| S&P index options                   | Equity-indexed policy liabilities on certain universal life and annuity policies |
| Treasury note and long bond futures | Bonds purchased for short-term (trading) purposes                                |

Hedge effectiveness is established and documented at inception and is reassessed quarterly by comparing notional amounts and contract terms and maturities for agreement and consistency.

With the exception of premiums required for the purchase of publicly-traded or over-the-counter (OTC)-traded S&P 500 index options and futures options, derivatives contracts purchased by the Company require no up-front cash payment and provide for net settlement.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

## 11. Derivative Financial Instruments (continued)

### 11.2 Risks Inherent In the Use of Derivatives

Risks inherent in the use of derivatives include market risk, credit risk in the event of non-performance by counterparties, and mismatch risk. Exposure to market risk is mitigated by the fact that all derivatives contracts are executed as effective hedges the financial effects of which are offset by another financial instrument (investment securities or index-based policy liabilities). Counterparty credit exposure is limited by entering into agreements with affiliated counterparties or unaffiliated counterparties having high credit ratings. Affiliated counterparties are guaranteed by AIG and unaffiliated counterparty credit ratings are monitored on a regular basis. Mismatch risk is the risk that hedges are executed improperly or become ineffective over the term of the contracts. Procedures have been implemented at AIG Global Investment Group, the company's affiliated investment advisor, and within the Life Division to prevent and detect such mismatches.

### 11.3 Interest Rate and Currency Swap Agreements

Interest rate swap agreements are used to convert specific investment securities from a floating to a fixed rate basis and to convert certain fixed rates to different fixed rates. Currency swap agreements are used to convert cash flows from specific investment securities denominated in foreign currencies into U.S. dollars at specific exchange rates.

The difference between amounts paid and received on swap agreements, measured on the basis of fair value of the swaps, is recorded on an accrual basis as an adjustment to net investment income, policyholder interest expense, or other comprehensive income. The related amount payable to or receivable from counterparties is included in derivative liabilities or assets.

Swap agreements have terms of two to twenty-two years. There were no gains or losses from early swap terminations deferred in 2004.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

## 11. Derivative Financial Instruments (continued)

### 11.3 Interest Rate and Currency Swap Agreements (continued)

Interest rate and currency swap agreements related to investment securities at December 31 were as follows:

| <S>   | 2004          |      | 2003 |      |
|---|---------------|------|------|------|
|   | (In Millions) |      |      |      |
| <C>   | <C>           | <C>  | <C>  | <C>  |
| Interest rate swap agreements to receive fixed rate:  |               |      |      |      |
| Notional amount   | \$            | 57   | \$   | 71   |
| Fair value  |               | 4    |      | 6    |
| Currency swap agreements (receive U.S. dollars/pay Canadian dollars):                                 |               |      |      |      |
| Notional amount (in U.S. dollars)   |               | 154  |      | 97   |
| Fair Value  |               | (38) |      | (16) |
| Currency swap agreements (receive U.S. dollars/pay Great Britain pounds):                             |               |      |      |      |
| Notional amount (in U.S. dollars)   |               | 20   |      | -    |
| Fair Value  |               | (2)  |      | -    |
| Currency swap agreements (receive U.S. dollars/pay Australian dollars):                               |               |      |      |      |
| Notional amount (in U.S. dollars)   |               | 53   |      | 23   |
| Fair value  |               | (8)  |      | (4)  |
| Currency swap agreements (receive U.S. dollars/pay Japanese Yen):                                     |               |      |      |      |
| Notional amount (in U.S. dollars)   |               | 12   |      | 12   |
| Fair value  |               | (2)  |      | (1)  |
| Currency swap agreements (receive U.S. dollars/pay LIBOR and Euro-based floating rate):               |               |      |      |      |
| Notional amount (in U.S. dollars)   |               | 21   |      | 21   |
| Fair value  |               | (0)  |      | (5)  |
| Combination interest rate and currency swap agreements (receive U.S. dollars/pay Australian dollars): |               |      |      |      |
| Notional amount (in U.S. dollars)   |               | 100  |      | 21   |
| Fair value  |               | (8)  |      | (5)  |

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### American General Life Insurance Company

#### Notes to Consolidated Financial Statements (continued)

### 11. Derivative Financial Instruments (continued)

#### 11.4 Index Options

S&P 500 index options (puts and calls) are purchased as fair value hedges of index-based exposures inherent in the Company's equity-indexed universal life and annuity products. Such options generally have terms of one or two years. The Company has procedures in place to effectively match option purchases to policy liabilities and to assess ongoing effectiveness on a periodic basis. Contracts outstanding at December 31 were as follows:

| <S>                          | 2004     |            | 2003     |            |
|------------------------------|----------|------------|----------|------------|
|                              | Notional | Fair Value | Notional | Fair Value |
| <C>                          | <C>      | <C>        | <C>      | <C>        |
| Calls:                       |          |            |          |            |
| One-year (or less) contracts | \$       | 100        | \$       | 29         |
| Two-year contracts           |          | 13         |          | --         |

#### 11.5 Futures

The Company purchases and sells short futures options (treasury note and U.S. long bond) to offset interest rate exposures on certain bonds purchased for the trading portfolio. All such positions are closed out each quarter-end with mark to market adjustments recognized currently in earnings.

### 12. Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107 "Disclosures about Fair Value of Financial Instruments" ("FASB 107") requires disclosure of fair value information about financial instruments for which it is practicable to estimate such fair value. In the measurement of the fair value of certain of the financial instruments, where quoted market prices were not available, other

valuation techniques were utilized. These fair value estimates are derived using internally developed valuation methodologies based on available and observable market information.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

12. Fair Value of Financial Instruments (continued)

Carrying amounts and fair values for certain of the Company's financial instruments at December 31 are presented below.

<TABLE>  
<CAPTION>

|  | 2004          |                 | 2003       |                 |
|--|---------------|-----------------|------------|-----------------|
|  | Fair Value    | Carrying Amount | Fair Value | Carrying Amount |
|  | (In Millions) |                 |            |                 |
| <S>                                      | <C>           | <C>             | <C>        | <C>             |
| Assets                                   |               |                 |            |                 |
| Fixed maturity and equity securities     | \$ 49,525     | \$ 49,525       | \$ 45,517  | \$ 45,517       |
| Mortgage loans on real estate            | 3,532         | 3,325           | 3,246      | 2,954           |
| Policy loans                             | 1,777         | 1,731           | 1,749      | 1,706           |
| Short-term investments                   | 63            | 63              | 112        | 112             |
| Derivative assets                        | 11            | 11              | 10         | 10              |
| Partnerships                             | 2,092         | 2,092           | 1,896      | 1,896           |
| Separate account seed money              | 41            | 41              | 92         | 92              |
| Investment in ultimate Parent Company    | 53            | 53              | 54         | 54              |
| Notes receivable from affiliates         | 598           | 598             | 537        | 537             |
| Securities lending collateral            | 9,286         | 9,286           | 4,451      | 4,451           |
| Assets held in separate accounts         | 25,537        | 25,537          | 22,931     | 22,931          |
| Liabilities                              |               |                 |            |                 |
| Investment contracts                     | 30,792        | 33,591          | 29,176     | 31,760          |
| Dividend accumulations                   | 904           | 904             | 901        | 901             |
| Derivative liabilities                   | 58            | 58              | 27         | 27              |
| Securities lending payable               | 9,286         | 9,286           | 4,451      | 4,451           |
| Liabilities related to separate accounts | 25,537        | 25,537          | 22,931     | 22,931          |

</TABLE>

The following methods and assumptions were used to estimate the fair value of financial instruments:

Fixed Maturity and Equity Securities

Fair value for fixed maturity securities was based principally on independent pricing services, broker quotes and other independent information. For securities that do not have readily determinable market prices, the Company estimated fair value using internally prepared valuations (including those based on estimates of future profitability). Otherwise, the Company used its most recent purchases and sales of similar unquoted securities, independent broker quotes or comparison to similar securities with quoted prices when possible to estimate the fair value of those securities.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

12. Fair Value of Financial Instruments (continued)

Fixed Maturity and Equity Securities (continued)

Fair values for equity securities was based upon quoted market prices.

Mortgage Loans on Real Estate

Fair value of mortgage loans was estimated primarily using discounted cash flows, based on contractual maturities and risk-adjusted discount rates.

Policy Loans

Fair value of policy loans was estimated using discounted cash flows and actuarially determined assumptions incorporating market rates.

#### Investment in Ultimate Parent Company

The fair value of the investment in the ultimate Parent Company is based on quoted market prices of AIG common stock.

#### Assets and Liabilities Related to Separate Accounts

The fair value of Separate Account assets and liabilities was based on quoted net asset value per share of the underlying mutual funds held in separate accounts.

#### Derivative Financial Instruments

Fair values for derivative assets and liabilities were based upon quoted market prices received from AIG Financial Products Corp, an affiliated financial products company, and independent sources.

#### Investment Contracts

Fair value of insurance investment contracts was estimated using cash flows discounted at market interest rates.

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### American General Life Insurance Company

#### Notes to Consolidated Financial Statements (continued)

#### 12. Fair Value of Financial Instruments (continued)

##### Notes Receivable from Affiliates

Fair values of promissory notes and asset backed notes from affiliates were based on quoted market prices, where available. For investments not actively traded, fair values were estimated using values obtained from independent pricing services or, in the case of some private placements, by discounting expected future cash flows using a current market rate applicable to yield, credit quality, and average life of investments.

##### Partnerships

Fair value of partnerships is based upon the fair value of the net assets of these investments as determined by the general partners.

##### Separate Account Seed Money

Fair value is considered to be the market value of the underlying securities.

#### 13. Commitments and Contingencies

The Company has various leases, substantially all of which are for office space and facilities. Rentals under financing leases, contingent rentals, and future minimum rental commitments and rental expense under operating leases are not material.

The Company's ultimate parent, AIG, pursuant to various filings with the SEC, has reported that its Annual Report on Form 10-K for the fiscal year ended December 31, 2004 could not be filed within the prescribed time period due to management changes, as well as AIG's ongoing internal review of the accounting for certain transactions, which review was commenced in connection with regulatory inquiries announced by AIG and described in Current Reports on Forms 8-K filed with the SEC by AIG, including those filed on February 14, 2005, March 15, 2005 and March 30, 2005. In the opinion of the Company's management, based on the current status of these inquiries, it is not likely that any of these inquiries will have a material adverse effect on the Company's consolidated financial condition or results of operations.

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### American General Life Insurance Company

#### Notes to Consolidated Financial Statements (continued)

#### 13. Commitments and Contingencies (continued)

The Company is party to various other lawsuits and proceedings arising in the ordinary course of business. These lawsuits and proceedings include certain class action claims and claims filed by individuals who have excluded themselves

from settlement of class action lawsuits relating to life insurance pricing and sales practices. In addition, many of these proceedings are pending in jurisdictions that permit damage awards disproportionate to the actual economic damages alleged to have been incurred. Based upon information presently available, the Company believes that the total amounts that will ultimately be paid, if any, arising from these lawsuits and proceedings will not have a material adverse effect on the Company's results of operations and financial position. However, it should be noted that the frequency of large damage awards, including large punitive damage awards, that bear little or no relation to actual economic damages incurred by plaintiffs in some jurisdictions continues to create the potential for an unpredictable judgment in any given suit.

The Company had \$110.5 million of unfunded commitments for its investments in limited partnerships at December 31, 2004.

All fifty states have laws requiring solvent life insurance companies to pay assessments to protect the interests of policyholders of insolvent life insurance and annuity companies. The Company recognizes a liability for insurance-related assessments when all of the following three conditions have been met: (i) an assessment has been imposed or information available prior to the issuance of financial statements indicates it is probable that an assessment will be imposed, (ii) the event obligating the Company to pay an imposed or probable assessment occurred on or before the date of the financial statements and (iii) the amount of the assessment can be reasonably estimated. The December 31, 2004 liability was estimated by the Company using the latest information available from the National Organization of Life and Health Insurance Guaranty Associations. The liability is not material to the Company's consolidated statement of position. While it is not possible to exactly estimate the portion of the industry assessments for which the Company will be responsible, it is expected that any difference between the estimated assessments and the actual assessments will not be material to the Company's consolidated results of operations and financial position. Although the amount accrued represents the Company's best estimate of its liability, this estimate may change in the future.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

13. Commitments and Contingencies (continued)

On November 1, 2002, the Company and various affiliates entered into a one-year inter-affiliate credit facility (the "facility"), under which the Company commits to make loans to AIG in amounts aggregating to not more than \$90.0 million. Such loans may take the form of variable rate loans that pay the higher of the federal funds rate plus 0.5 percent or the prime rate, or fixed rate loans that pay LIBOR plus a specific margin. AIG has the option, at the commitment termination date to convert any outstanding loan balances to one-year term. After an initial one-year extension, effective October 29, 2004, the facility was amended to extend the commitment termination date to October 28, 2005. The Company has received annual facility fees of 0.045%. However, effective as of October 29, 2004, the facility fee was changed to 0.040%. No loans were funded during 2004 or 2003.

Tax credits generated by the production of synthetic fuel are subject to a phase-out provision that gradually reduces tax credits as the annual average wellhead price per barrel of domestic crude oil increases into an inflation-adjusted phase-out range. For 2003 and 2004, the tax credit would have begun to phase-out when the annual average wellhead price per barrel of domestic crude oil exceeded \$50.14 per barrel and \$51.35 per barrel, respectively. The 2005 phase-out range will be calculated using inflation rates published in 2006 by the Internal Revenue Service. If domestic crude oil prices remain high in 2005, the tax credits and net income generated by the investments may be reduced substantially.

During 1997 and 1998, the Company participated in a workers' compensation underwriting pool with a third party insurance company. Both companies share equally in the pool. Collectively, the workers' compensation business is assumed from over 50 ceding companies and retro-ceded to 15 programs. The business covers risks primarily from the 1997 and 1998 underwriting years but also includes one risk from the 1996 underwriting year as well.

Net premiums and losses retained by the Company, after retro-cessions to variable quota share reinsurers, are 100% retro-ceded to another AIG subsidiary, American General Assurance Company ("AGAC"). Under the agreement with AGAC, the company remains liable for any credit losses arising from uncollectible amounts from the third party reinsurers, including the Company's 50% pool participant. During 2004 and 2003, the Company recorded charges of \$20.7 million and \$0 million, respectively, related to such uncollectible amounts. Reinsurance recoverables included in these financial statements related to the workers' compensation business were \$ 62.0 million and \$ 137.4 million at December 31,

2004 and 2003, respectively. While not included in these financial statements, the Company is contingently liable for losses incurred by its 50% pool participant should that third party become insolvent or otherwise unable to meet its obligations under the pool agreement.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

14. Reinsurance

Reinsurance transactions for the years ended December 31, 2004, 2003 and 2002 were as follows:

<TABLE>

<CAPTION>

|                               | Gross Amount  | Ceded to<br>Other<br>Companies | Assumed<br>From Other<br>Companies | Net Amount    | Percentage<br>of Amount<br>Assumed<br>to Net |
|-------------------------------|---------------|--------------------------------|------------------------------------|---------------|--|
|                               | -----         | -----                          | -----                              | -----         | -----  |
|                               |               |                                | (In Thousands)                     |               |  |
| <S>                           | <C>           | <C>                            | <C>                                | <C>           | <C>  |
| December 31, 2004             |               |                                |                                    |               |  |
| Life insurance in force       | \$410,133,222 | \$314,611,320                  | \$2,814,650                        | \$ 98,336,552 | 2.86%  |
|                               | =====         | =====                          | =====                              | =====         |  |
| Premiums:                     |               |                                |                                    |               |  |
| Life insurance and annuities  | 1,898,236     | 395,625                        | 9,307                              | 1,511,918     | 0.62%  |
| Accident and health insurance | 25,374        | 2,999                          | 1,129                              | 23,504        | 4.80%  |
|                               | -----         | -----                          | -----                              | -----         |  |
| Total premiums                | \$ 1,923,610  | \$ 398,624                     | \$ 10,436                          | \$ 1,535,422  | 0.68%  |
|                               | =====         | =====                          | =====                              | =====         |  |
| December 31, 2003             |               |                                |                                    |               |  |
| Life insurance in force       | \$314,862,729 | \$211,992,953                  | \$2,628,269                        | \$105,498,045 | 2.49%  |
|                               | =====         | =====                          | =====                              | =====         |  |
| Premiums:                     |               |                                |                                    |               |  |
| Life insurance and annuities  | 1,758,005     | 305,828                        | 6,641                              | 1,458,818     | 0.46%  |
| Accident and health insurance | 24,827        | (6,252)                        | (7,296)                            | 23,783        | -30.68%                                      |
|                               | -----         | -----                          | -----                              | -----         |  |
| Total premiums                | \$ 1,782,832  | \$ 299,576                     | \$ (655)                           | \$ 1,482,601  | -0.04%                                       |
|                               | =====         | =====                          | =====                              | =====         |  |
| December 31, 2002             |               |                                |                                    |               |  |
| Life insurance in force       | \$278,188,433 | \$170,693,613                  | \$2,407,609                        | \$109,902,429 | 2.19%  |
|                               | =====         | =====                          | =====                              | =====         |  |
| Premiums:                     |               |                                |                                    |               |  |
| Life insurance and annuities  | 1,760,974     | 397,686                        | 21,125                             | 1,384,413     | 1.53%  |
| Accident and health insurance | 25,713        | 983                            | (583)                              | 24,147        | -2.41%                                       |
|                               | -----         | -----                          | -----                              | -----         |  |
| Total premiums                | \$ 1,786,687  | \$ 398,669                     | \$ 20,542                          | \$ 1,408,560  | 1.46%  |
|                               | =====         | =====                          | =====                              | =====         |  |

</TABLE>

Reinsurance recoverable on paid losses was approximately \$47.5 million, and \$47.5 million, at December 31, 2004 and 2003, respectively. Reinsurance recoverable on unpaid losses was approximately \$77.7 million, and \$150.2 million at December 31, 2004 and 2003, respectively.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

14. Reinsurance (continued)

In December 2002, the Company entered into a coinsured/modified coinsurance agreement with AIG Life Insurance Company of Bermuda ("AIGB"). The agreement has an effective date of March 1, 2002. Under the agreement, AIGB reinsures 100% quota share of the Company's liability on virtually all level term and universal life products issued by the Company with issue dates on or after March 1, 2002. The agreement is unlimited in duration but either party may terminate the agreement as to new business with thirty days written notice to the other party. The agreement also provides for an experience refund of all profits, less a reinsurance risk charge.

15. Shareholder's Equity

The Company has 8,500 shares of \$100 par value cumulative preferred stock authorized and outstanding with an \$80 dividend rate, redeemable at \$1,000 per

share after December 31, 2000. The Company's stock is held by its immediate parent, AGC Life.

The Company paid \$300 million, \$0 million and \$445 million in dividends on common stock to the Parent Company in 2004, 2003 and 2002, respectively. The Company also paid \$680,000 in dividends on preferred stock to the Parent Company in 2004, 2003 and 2002.

On December 31, 2002, the Parent contributed to the Company a 100 percent interest in SunAmerica Hedge Fund Holdings LLC ("SAHFH"). SAHFH was formed on December 13, 2002. SAHFH's assets consist solely of investments in partnerships, which are included in partnerships in the consolidated balance sheets. The capital contribution was recorded in the amount of \$443.8 million, representing the equity of SAHFH.

The Company and its insurance subsidiaries are restricted by state insurance laws as to the amounts they may pay as dividends without prior approval from their respective state insurance departments. At December 31, 2004, approximately \$9.5 billion of consolidated shareholder's equity represents net assets of the Company, which cannot be transferred, in the form of dividends, loans, or advances to the Parent Company. Approximately \$4.3 billion of consolidated shareholder's equity is similarly restricted as to transfer from its subsidiaries to the Company.

Generally, the net assets of the Company's subsidiaries available for transfer to the Parent are limited to the amounts that the subsidiaries' net assets, as determined in accordance with statutory accounting practices, exceed minimum statutory capital requirements. However, payments of such amounts as dividends may be subject to approval by regulatory authorities and are generally limited to the greater of 10 percent of policyholders' surplus or the previous year's statutory net gain from operations.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

16. Division Operations

16.1 Nature of Operations

The Company manages its business operation through two divisions, which are based on products and services offered.

Retirement Services

The Retirement Services Division, which primarily relates to the operation of VALIC, a wholly owned subsidiary of the Company, provides tax-deferred retirement annuities and employer-sponsored retirement plans to employees of educational, health care, public sector, and other not-for-profit organizations marketed nationwide through exclusive sales representatives.

Life Insurance

The Life Insurance division provides traditional, interest-sensitive, and variable life insurance and annuities to a broad spectrum of customers through multiple distribution channels focused on specific market segments.

16.2 Division Results

Results of each division exclude net realized investment gains.

Division earnings information was as follows:

<TABLE>  
<CAPTION>

|                                    | Revenues      |         |         | Income Before Taxes |         |        | Earnings |        |        |
|------------------------------------|---------------|---------|---------|---------------------|---------|--------|----------|--------|--------|
|                                    | 2004          | 2003    | 2002    | 2004                | 2003    | 2002   | 2004     | 2003   | 2002   |
|                                    | (In Millions) |         |         |                     |         |        |          |        |        |
| <S>                                | <C>           | <C>     | <C>     | <C>                 | <C>     | <C>    | <C>      | <C>    | <C>    |
| Retirement Services                | \$2,531       | \$2,301 | \$2,133 | \$1,116             | \$ 878  | \$ 772 | \$ 774   | \$ 593 | \$ 552 |
| Life Insurance                     | 3,855         | 3,568   | 3,235   | 546                 | 467     | 508    | 435      | 406    | 452    |
| Total divisions                    | 6,386         | 5,869   | 5,368   | 1,662               | 1,345   | 1,280  | 1,209    | 999    | 1,004  |
| Realized investment gains (losses) | (158)         | (57)    | (295)   | (158)               | (57)    | (295)  | (103)    | (37)   | (192)  |
| Total consolidated                 | \$6,228       | \$5,812 | \$5,073 | \$1,504             | \$1,288 | \$ 985 | \$1,106  | \$ 962 | \$ 812 |

</TABLE>

## American General Life Insurance Company

## Notes to Consolidated Financial Statements (continued)

## 16. Division Operations (continued)

## 16.2 Division Results (continued)

Division balance sheet information was as follows:

|                     | Assets        |          | Liabilities |          |
|---------------------|---------------|----------|-------------|----------|
|                     | December 31   |          |             |          |
|                     | 2004          | 2003     | 2004        | 2003     |
|                     | (In Millions) |          |             |          |
| Retirement Services | \$68,052      | \$58,738 | \$63,063    | \$54,213 |
| Life Insurance      | 30,264        | 27,273   | 25,083      | 22,839   |
| Total consolidated  | \$98,316      | \$86,011 | \$88,146    | \$77,052 |

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## PART C: OTHER INFORMATION

## Item 26. Exhibits

## (a) Board of Directors Resolution.

- (1) Resolutions of Board of Directors of American General Life Insurance Company authorizing the establishment of Separate Account VL-R. (1)

## (b) Custodian Agreements. Inapplicable.

## (c) Underwriting Contracts.

- (1) Distribution Agreement between American General Life Insurance Company and American General Equity Services Corporation, effective October 1, 2002. (20)
- (2) Form of Selling Group Agreement. (18)
- (3) Schedule of Commissions (Incorporated by reference from the text included under the heading "Distribution of the Policies" in the Statement of Additional Information that is filed as part of this amended Registration Statement).

## (d) Contracts.

- (1) Specimen form of the "Corporate America" Flexible Premium Variable Life Insurance Policy (Policy Form No. 99301). (11)

## (e) Applications.

- (1) Specimen form of Life Insurance Application - Part A, Form No. AGLC 100565-2003. (24)
- (2) Specimen form of Life Insurance Application - Part B, Form No. AGLC 100566-2003. (24)
- (3) Specimen form of Variable Universal Life Insurance Supplemental Application, Corporate America, Form No. CM 1001-99 Rev0504. (25)
- (4) Form of Service Request Form, Form No. AGLC 101133 Rev1204. (28)

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- (5) Form of Assignment Form, Form No. AGLC 0205 Rev0103. (22)

- (6) Form of Electronic Funds Authorization Form, Form No. AGLC 0220 Rev0103. (22)

- (7) Form of Name and Address Change Form, Form No. AGLC 0222 Rev0103. (22)

- (8) Form of Request for Change of Ownership on a Life Insurance Policy

- (9) Form of Request for Full Cash Surrender Value Form, Form No. VUL 0015 Rev1202. (22)
- (10) Form of Change of Beneficiary Form, Form No. VUL 0016 Rev1202. (22)
- (f) Depositor's Certificate of Incorporation and By-Laws.
  - (1) Amended and Restated Articles of Incorporation of American General Life Insurance Company, effective December 31, 1991. (2)
  - (2) Amendment to the Amended and Restated Articles of Incorporation of American General Life Insurance Company, effective July 13, 1995. (5)
  - (3) By-laws of American General Life Insurance Company, adopted January 22, 1992. (3)
- (g) Reinsurance Contracts. Inapplicable.
- (h) Participation Agreements.
  - (1) (a) Form of Participation Agreement by and Among AIM Variable Insurance Funds, Inc., A I M Distributors, Inc., American General Life Insurance Company, on Behalf of Itself and its Separate Accounts, and American General Securities Incorporated. (6)
  - (1) (b) Form of Amendment Two to Participation Agreement by and among AIM Variable Insurance Funds, Inc., A I M Distributors, Inc., American General Life Insurance Company, on Behalf of Itself and its Separate Accounts, and American General Securities Incorporated dated as of June 1, 1999. (11)
  - (1) (c) Form of Amendment Four to Participation Agreement by and among AIM Variable Insurance Funds, Inc., A I M Distributors, Inc., American General Life Insurance Company, on Behalf of Itself and its Separate Accounts, and American General Securities Incorporated. (15)
  - (1) (d) Form of Amendment Seven to Participation Agreement by and among AIM Variable Insurance Funds, Inc., A I M Distributors, Inc., American General Life Insurance Company, on Behalf of Itself and its Separate Accounts, and American General Securities Incorporated. (21)
  - (2) (a) Form Participation Agreement by and among The Alger American Fund, American General Life Insurance Company and Fred Alger & Company, Incorporated. (19)
  - (3) (a) Form of Shareholder Services Agreement by and between American General Life Insurance Company and American Century Investment Management, Inc. (14)
  - (3) (b) Form of Amendment Two to Shareholder Services Agreement by and between American General Life Insurance Company and American Century Investment Management, Inc. (21)
  - (4) (a) Form of Participation Agreement Between American General Life Insurance Company, Dreyfus Variable Investment Fund, The Dreyfus Socially Responsible Growth Fund, Inc. and Dreyfus Life and Annuity Index Fund, Inc. (6)
  - (4) (b) Amendment to Participation Agreement by and among American General Life Insurance Company, Dreyfus Variable Investment Fund, The Dreyfus Socially Responsible Growth Fund, Inc. and Dreyfus Life and Annuity Index Fund, Inc. dated December 1, 1998. (8)
  - (4) (c) Form of Amendment Two to Participation Agreement by and among American General Life Insurance Company, Dreyfus Variable Investment Fund, The Dreyfus Socially Responsible Growth Fund, Inc. and Dreyfus Life and Annuity Index Fund, Inc. dated September 1, 1999. (25)
  - (4) (d) Form of Amendment to Participation Agreement by and among American General Life Insurance Company, Dreyfus Variable Investment Fund, The Dreyfus Socially Responsible Growth Fund, Inc. and Dreyfus Life and Annuity Index Fund, Inc. dated October 31, 2003. (25)
  - (5) (a) Form of Amended and Restated Participation Agreement by and between Variable Insurance Products Fund, Fidelity Distributors Corporation and American General Life Insurance Company. (16)

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- (6) (a) Form of Amended and Restated Participation Agreement by and between Variable Insurance Products Fund II, Fidelity Distributors Corporation and American General Life Insurance Company. (16)

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- (7) (a) Form of Participation Agreement by and between Variable Insurance Products Fund III, Fidelity Distributors Corporation and American General Life Insurance Company. (19)
- (8) (a) Form of Amended and Restated Participation Agreement by and among American General Life Insurance Company, American General Equity Services Corporation, Franklin Templeton Variable Insurance Products Trust and Franklin Templeton Distributors, Inc., dated as of October 1, 2002. (28)
- (9) (a) Form of Fund Participation Agreement by and between American General Life Insurance Company and Janus Aspen Series. (16)
- (10) (a) Form of Participation Agreement Among MFS Variable Insurance Trust, American General Life Insurance Company and Massachusetts Financial Services Company. (6)
- (10) (b) Form of Amendment Two to Participation Agreement Among MFS Variable Insurance Trust, American General Life Insurance Company and Massachusetts Financial Services Company. (11)
- (10) (c) Form of Amendment Five to Participation Agreement by and among MFS Variable Insurance Trust, American General Life Insurance Company and Massachusetts Financial Services Company. (16)
- (11) (a) Sales Agreement by and between American General Life Insurance Company, Neuberger & Berman Advisors Management Trust and Neuberger & Berman Management Incorporated. (14)
- (11) (b) Form of Amendment to Fund Participation Agreement (formerly, the Sales Agreement) by and between American General Life Insurance Company, Neuberger & Berman Advisors Management Trust and Neuberger & Berman Management Incorporated, dated January 15, 2004. (21)
- (12) (a) Form of Assignment and Modification Agreement by and between Neuberger & Berman Management Incorporated and American General Life Insurance Company. (14)
- (13) (a) Form of Participation Agreement by and among American General Life Insurance Company, Oppenheimer Variable Account Funds and OppenheimerFunds, Inc. (17)
- (13) (b) Form of Amendment No. 1 to Participation Agreement by and among American General Life Insurance Company, Oppenheimer Variable Account Funds and OppenheimerFunds, Inc. (19)

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- (13) (c) Form of Amendment No. 2 to Participation Agreement by and among American General Life Insurance Company, Oppenheimer Variable Account Funds and OppenheimerFunds, Inc. (30)
- (14) (a) Form of Participation Agreement by and between American General Life Insurance Company, PIMCO Variable Insurance Trust and PIMCO Funds Distributor LLC. (16)
- (15) (a) Form of Participation Agreement by and Among Pioneer Variable Contracts Trust, American General Life Insurance Company, on its own Behalf and on Behalf of Each of the Segregated Asset Accounts, Pioneer Investment Management, Inc. and Pioneer Funds Distributor, Inc., dated December 10, 2004. (28)
- (16) (a) Form of Participation Agreement Among Putnam Variable Trust, Putnam Mutual Funds Corp., and American General Life Insurance Company. (6)
- (17) (a) Form of Participation Agreement by and between The Variable Annuity Life Insurance Company, American General Series Portfolio Company, American General Securities Incorporated and American General Life Insurance Company. (10)
- (17) (b) Amendment One to Participation Agreement by and between The Variable Annuity Life Insurance Company, American General Series Portfolio Company, American General Securities Incorporated and

American General Life Insurance Company dated as of July 21, 1998.  
(8)

- (17) (c) Form of Amendment Two to Participation Agreement by and between The Variable Annuity Life Insurance Company, American General Series Portfolio Company, American General Securities Incorporated and American General Life Insurance Company. (16)
- (17) (d) Form of Amendment Three to Participation Agreement by and between The Variable Annuity Life Insurance Company, American General Series Portfolio Company, American General Securities Incorporated and American General Life Insurance Company. (15)
- (17) (e) Form of Amendment Four to Participation Agreement by and between The Variable Annuity Life Insurance Company, American General Series Portfolio Company, American General Securities Incorporated and American General Life Insurance Company. (21)

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- (18) (a) Form of Participation Agreement by and between Vanguard Variable Insurance Funds, The Vanguard Group, Inc., Vanguard Marketing Corporation and American General Life Insurance Company. (16)
- (19) (a) Form of Administrative Services Agreement between American General Life Insurance Company and fund distributor. (5)
- (20) (a) Form of Amended and Restated Administrative Services Agreement dated as of April 1, 2004, between American General Life Insurance Company and AIM Advisors, Inc. (30)
- (21) (a) Form of Services Agreement Class O between Fred Alger Management, Inc. and American General Life Insurance Company. (28)
- (22) (a) Administrative Services Agreement dated as of August 11, 1998, between American General Life Insurance Company and The Dreyfus Corporation. (4)
- (22) (b) Amendment to Administrative Services Agreement dated as of August 11, 1998, between American General Life Insurance Company and The Dreyfus Corporation effective as of December 1, 1998. (4)
- (22) (c) Form of Agreement Addendum between American General Life Insurance Company and The Dreyfus Corporation dated November 17, 1999. (25)
- (22) (d) Form of Amendment Two to Administrative Services Agreement between American General Life Insurance Company and The Dreyfus Corporation, dated January 3, 2000. (25)
- (23) (a) Form of Service Contract by and between Fidelity Distributors Corporation and American General Equity Services Corporation, effective October 1, 2002. (19)
- (24) (a) Form of Service Agreement by and between Fidelity Investments Institutional Operations Company, Inc. and American General Life Insurance Company. (16)
- (25) (a) Form of Administrative Services Agreement by and among American General Life Insurance Company and Franklin Templeton Services, Inc., dated as of July 1, 1999. (26)
- (25) (b) Form of Amendment to Administrative Services Agreement by and among American General Life Insurance Company and Franklin Templeton Services, LLC, effective November 1, 2001. (27)

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- (25) (c) Form of Amendment No. 3 to Administrative Services Agreement by and among American General Life Insurance Company and Franklin Templeton Services, LLC, dated as of July 30, 2004. (28)
- (26) (a) Form of Distribution and Shareholder Services Agreement by and between Janus Distributors, Inc. and American General Life Insurance Company. (16)
- (27) (a) Form of Administrative Services Agreement by and between American General Life Insurance Company and Neuberger & Berman Management Incorporated. (14)
- (28) (a) Form of Administrative Services Agreement by and among American General Life Insurance Company and OppenheimerFunds, Inc. (17)

- (28) (b) Form of Amendment No. 1 to Administrative Services Agreement by and among American General Life Insurance Company and OppenheimerFunds, Inc. (19)
- (28) (c) Form of Amendment No. 2 to Administrative Services Agreement by and among American General Life Insurance Company and OppenheimerFunds, Inc. (30)
- (29) (a) Form of Services Agreement by and between American General Life Insurance Company and Pacific Investment Management, LLC. (16)
- (30) (a) Form of PIMCO Variable Insurance Trust Services Agreement by and between American General Life Insurance Company and PIMCO Variable Insurance Trust. (16)

(i) Administrative Contracts.

- (1) Form of services agreement dated July 31, 1975, (limited to introduction and first two recitals, and sections 1-3) among various affiliates of American General Corporation, including American General Life Insurance Company and American General Life Companies. (7)
- (2) (a) Form of Service and Expense Agreement dated February 1, 1974, between American International Group, Inc. and various affiliate subsidiaries, including American General Life Insurance Company. (29)
- (2) (b) Form of Addendum No. 1 to Service and Expense Agreement dated February 1, 1974, between American International Group, Inc. and various affiliate subsidiaries, including American General Life Insurance Company, dated May 21, 1975. (29)

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- (2) (c) Form of Addendum No. 2 to Service and Expense Agreement dated February 1, 1974, between American International Group, Inc. and various affiliate subsidiaries, including American General Life Insurance Company, dated September 23, 1975. (29)
- (2) (d) Form of Addendum No. 24 to Service and Expense Agreement dated February 1, 1974, between American International Group, Inc. and various affiliate subsidiaries, including American General Life Insurance Company, dated December 30, 1998. (29)
- (2) (e) Form of Addendum No. 28 to Service and Expense Agreement dated February 1, 1974, among American International Group, Inc. and various affiliate subsidiaries, including American General Life Insurance Company and American General Life Companies, effective January 1, 2002. (29)
- (2) (f) Form of Addendum No. 30 to Service and Expense Agreement dated February 1, 1974, among American International Group, Inc. and various affiliate subsidiaries, including American General Life Insurance Company and American General Life Companies, LLC, effective January 1, 2002. (29)
- (2) (g) Form of Addendum No. 32 to Service and Expense Agreement dated February 1, 1974, among American International Group, Inc. and various affiliate subsidiaries, including American General Life Insurance Company, American General Life Companies, LLC and American General Equity Services Corporation, effective May 1, 2004. (30)

(j) Other Material Contracts. None

(k) Legal Opinion.

- (1) Opinion and Consent of Pauletta P. Cohn., Deputy General Counsel of American General Life Companies, LLC. (11)

(l) Actuarial Opinion.

- (1) Opinion and Consent of American General Life Insurance Company's actuary. (25)

(m) Calculation. None

(n) Other Opinions.

- (1) Consent of Independent Registered Public Accounting Firm, PricewaterhouseCoopers LLP. (Filed herewith)

- (o) Omitted Financial Statements. None
- (p) Initial Capital Agreements. None
- (q) Redeemability Exemption.
  - (1) Description of American General Life Insurance Company's Issuance, Transfer and Redemption Procedures for Variable Universal Life Insurance Policies Pursuant to Rule 6e-3(T)(b)(12)(iii) under the Investment Company Act of 1940. (30)

- 
- (1) Incorporated by reference to initial filing of Form S-6 Registration Statement (File No. 333-42567) of American General Life Insurance Company Separate Account VL-R filed on December 18, 1997.
  - (2) Incorporated by reference to initial filing of Form N-4 Registration Statement (File No. 033-43390) of American General Life Insurance Company Separate Account D filed on October 16, 1991.
  - (3) Incorporated by reference to Post-Effective Amendment No. 1 to Form N-4 Registration Statement (File No. 033-43390) of American General Life Insurance Company Separate Account D filed on April 30, 1992.
  - (4) Incorporated by reference to initial filing of Form N-4 Registration Statement (File No. 333-70667) of American General Life Insurance Company Separate Account D filed on January 15, 1999.
  - (5) Incorporated by reference to Pre-Effective Amendment No. 3 to Form S-6 Registration Statement (File No. 333-53909) of American General Life Insurance Company Separate Account VL-R filed on August 19, 1998.
  - (6) Incorporated by reference to Pre-Effective Amendment No. 1 to Form S-6 Registration Statement (File No. 333-42567) of American General Life Insurance Company Separate Account VL-R filed on March 23, 1998.
  - (7) Incorporated by reference to Pre-Effective Amendment No. 23 to Form N-4 Registration Statement (File No. 033-44745) of American General Life Insurance Company Separate Account A filed on April 24, 1998.
  - (8) Incorporated by reference to Pre-Effective Amendment No. 1 to Form N-4 Registration Statement (File No. 333-70667) of American General Life Insurance Company Separate Account D filed on March 18, 1999.

- (9) Incorporated by reference to Post-Effective Amendment No. 12 to Form N-4 Registration Statement (File No. 033-43390) of American General Life Insurance Company Separate Account D filed on April 30, 1997.
- (10) Incorporated by reference to Pre-Effective Amendment No. 1 to Form N-4 Registration Statement (File No. 333-40637) of American General Life Insurance Company Separate Account D filed on February 12, 1998.
- (11) Incorporated by reference to Pre-Effective Amendment No. 1 to Form S-6 Registration Statement (File No. 333-80191) of American General Life Insurance Company Separate Account VL-R filed on August 25, 1999.
- (12) Incorporated by reference to Post-Effective Amendment No. 3 to Form N-6 (File No. 333- 65170) of American General Life Insurance Company Separate Account VL-R filed on January 23, 2003.
- (13) Incorporated by reference to Post-Effective Amendment No. 18 to Form N-4 Registration Statement (File No. 033-43390) of American General Life Insurance Company Separate Account D filed on April 12, 2000.
- (14) Incorporated by reference to Pre-Effective Amendment No. 1 to Form S-6 Registration Statement (File No. 333-89897) of American General Life Insurance Company Separate Account VL-R filed on January 21, 2000.
- (15) Incorporated by reference to Post-Effective Amendment No. 4 to Form S-6 Registration Statement (File No. 333-42567) of American General Life Insurance Company Separate Account VL-R filed on October 11, 2000.
- (16) Incorporated by reference to Post-Effective Amendment No. 2 to Form S-6 Registration Statement (File No. 333-80191) of American General Life Insurance Company Separate Account VL-R filed on September 20, 2000.

- (17) Incorporated by reference to Pre-Effective Amendment No. 1 to Form S-6 Registration Statement (File No. 333-87307) of American General Life Insurance Company Separate Account VL-R filed on January 20, 2000.
- (18) Incorporated by reference to initial filing of Form N-6 Registration Statement (File No. 333- 102299) of American General Life Insurance Company Separate Account VUL-2 filed on December 31, 2002.
- (19) Incorporated by reference to Post-Effective Amendment No. 6 to Form N-6 (File No. 333- 43264) of American General Life Insurance Company Separate Account VL-R filed on April 30, 2003.

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- (20) Incorporated by reference to Post-Effective Amendment No. 7 to Form N-4 Registration Statement (File No. 333-40637) of American General Life Insurance Company Separate Account D filed on November 8, 2002.
- (21) Incorporated by reference to Pre-Effective Amendment No. 1 to Form N-4 Registration Statement (File No. 333-109206) of American General Life Insurance Company Separate Account D filed on December 17, 2003.
- (22) Incorporated by reference to Post-Effective Amendment No. 6 to Form N-6 Registration Statement (File No. 333-43264) of American General Life Insurance Company Separate Account VL-R filed on April 30, 2003.
- (23) Incorporated by reference to Pre-Effective Amendment No. 1 to Form S-6 Registration Statement (File No. 333-82982) of American General Life Insurance Company Separate Account VL-R filed on May 13, 2002.
- (24) Incorporated by reference to initial filing of Form N-6 Registration Statement (File No. 333- 109613) of American General Life Insurance Company Separate Account VL-R filed on October 10, 2003.
- (25) Incorporated by reference to Post-Effective Amendment No. 6 to Form N-6 Registration Statement (File No. 333-80191) of American General Life Insurance Company Separate Account VL-R filed on June 10, 2004.
- (26) Incorporated by reference to Post-Effective Amendment No. 1 to Form S-6 Registration Statement (File No. 333-87307) of American General Life Insurance Company Separate Account VL-R filed on October 10, 2000.
- (27) Incorporated by reference to Post-Effective Amendment No. 1 to Form S-6 Registration Statement (File No. 333-65170) of American General Life Insurance Company Separate Account VL-R filed on December 3, 2001.
- (28) Incorporated by reference to Post-Effective Amendment No. 7 to Form N-6 Registration Statement (File No. 333-80191) of American General Life Insurance Company Separate Account VL-R filed on December 2, 2004.
- (29) Incorporated by reference to Post-Effective Amendment No. 8 to Form N-6 Registration Statement (File No. 333-43264) of American General Life Insurance Company Separate Account VL-R filed on May 3, 2004.
- (30) Incorporated by reference to Post-Effective Amendment No. 1 to Form N-6 Registration Statement (File No. 333-118318) of American General Life Insurance Company Separate Account VL-R filed on May 2, 2005.

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Item 27. Directors and Officers of the Depositor

| Name and Principal<br>Business Address   | Positions and Offices with Depositor<br>American General Life Insurance Company        |
|--|--|
| -----  |  |
| Rodney O. Martin, Jr.<br>2929 Allen Parkway<br>Houston, TX 77019                       | Director, Chairman of the Board of Directors,<br>President and Chief Executive Officer |
| M. Bernard Aidinoff<br>Sullivan and Cromwell<br>125 Broad Street<br>New York, NY 10004 | Director   |
| David J. Dietz<br>830 Third Avenue<br>New York, NY 10022                               | Director and Chairman-Affluent & Corporate Markets<br>Profit Center                    |
| David L. Herzog<br>2929 Allen Parkway  | Director   |

Houston, TX 77019

Richard A. Hollar  
750 West Virginia Street  
Milwaukee, WI 53204

Director, President-AIG Life Brokerage Profit Center  
and Chief Executive Officer-AIG Life Brokerage Profit  
Center

Royce G. Imhoff, II  
2929 Allen Parkway  
Houston, TX 77019

Director, President-Affluent & Corporate Markets  
Profit Center and Chief Executive Officer-Affluent &  
Corporate Markets Profit Center

Donald P. Kanak, Jr.  
70 Pine Street  
New York, NY 10270

Director

Richard J. Miller  
2929 Allen Parkway  
Houston, TX 77019

Director, President-Independent Advisory Network  
Profit Center and Chief Executive Officer-Independent  
Advisory Group

Ernest T. Patrikis  
70 Pine Street  
New York, NY 10270

Director

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Name and Principal  
Business Address

Positions and Offices with Depositor  
American General Life Insurance Company

-----  
Gary D. Reddick  
2929 Allen Parkway  
Houston, TX 77019

-----  
Director, Chief Administrative Officer and Executive  
Vice President

Martin J. Sullivan  
70 Pine Street  
New York, NY 10270

Director

Christopher J. Swift  
2929 Allen Parkway  
Houston, TX 77019

Director, Chief Financial Officer and Executive Vice  
President

James W. Weakley  
2929 Allen Parkway  
Houston, TX 77019

Director, President-Worksite Solutions Profit Center  
and Chief Executive Officer-Worksite Solutions Profit  
Center

Thomas L. Booker  
2727 Allen Parkway  
Houston, TX 77019

President-Structured Settlements/SPIA Profit Center

Lawrence J. O'Brien  
2727 Allen Parkway  
Houston, TX 77019

President-Agency Building Profit Center

Jeffrey H. Carlson  
2727 Allen Parkway  
Houston, TX 77019

Chief Information Officer and Senior Vice President

Steven D. Anderson  
2727 Allen Parkway  
Houston, TX 77019

Senior Vice President-Independent Advisory Group

Stephen A. Appleyard  
2727 Allen Parkway  
Houston, TX 77019

Senior Vice President-Accident & Health

David R. Armstrong  
3600 Route 66  
Neptune, NJ 07754

Senior Vice President

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Name and Principal  
Business Address

Positions and Offices with Depositor  
American General Life Insurance Company

-----  
Erik A. Baden  
2727 Allen Parkway  
Houston, TX 77019

-----  
Senior Vice President

Wayne A. Barnard  
2929 Allen Parkway  
Houston, TX 77019

Senior Vice President

Robert M. Beuerlein

Senior Vice President

2727-A Allen Parkway  
Houston, TX 77019

Rebecca G. Campbell Senior Vice President  
2929 Allen Parkway  
Houston, TX 77019

James A. Galli Senior Vice President  
830 Third Avenue  
New York, NY 10022

William F. Guterding Senior Vice President  
830 Third Avenue  
New York, NY 10022

Robert F. Herbert, Jr. Senior Vice President, Treasurer and Controller  
2727-A Allen Parkway  
Houston, TX 77019

S. Douglas Israel Senior Vice President  
2929 Allen Parkway  
Houston, TX 77019

Kyle L. Jennings Senior Vice President  
2929 Allen Parkway  
Houston, TX 77019

Althea R. Johnson Senior Vice President  
2929 Allen Parkway  
Houston, TX 77019

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Name and Principal Business Address Positions and Offices with Depositor  
American General Life Insurance Company

-----  
Glen D. Keller Senior Vice President  
2727 Allen Parkway  
Houston, TX 77019

Simon J. Leech Senior Vice President  
2727-A Allen Parkway  
Houston, TX 77019

Kent D. Major Senior Vice President  
2727-A Allen Parkway  
Houston, TX 77019

Mark R. McGuire Senior Vice President  
2727-A Allen Parkway  
Houston, TX 77019

Laura W. Milazzo Senior Vice President  
2727 Allen Parkway  
Houston, TX 77019

A. Hasan Qureshi Senior Vice President  
1 ALICO Plaza  
600 King Street  
Wilmington, DE 19801

Dennis H. Roberts Senior Vice President  
2727 Allen Parkway  
Houston, TX 77019

Richard C. Schuettner Senior Vice President  
750 West Virginia Street  
Milwaukee, WI 53204

James P. Sennett Senior Vice President  
2727 Allen Parkway  
Houston, TX 77019

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Name and Principal Business Address Positions and Offices with Depositor  
American General Life Insurance Company

-----  
James P. Steele Senior Vice President  
205 E. 10th Street  
Amarillo, TX 79101

|   |                       |
|---|-----------------------|
| Robert E. Steele<br>205 E. 10th Street<br>Amarillo, TX 79101      | Senior Vice President |
| Dan E. Trudan<br>750 West Virginia St.<br>Milwaukee, WI 53204     | Senior Vice President |
| Frederic R. Yopps<br>750 West Virginia St.<br>Milwaukee, WI 53204 | Senior Vice President |
| Steven E. Zimmerman<br>2727 Allen Parkway<br>Houston, TX 77019    | Senior Vice President |
| Edward F. Bacon<br>2727-A Allen Parkway<br>Houston, TX 77019      | Vice President        |
| Joan M. Bartel<br>2727 Allen Parkway<br>Houston, TX 77019         | Vice President        |
| Michael B. Boesen<br>2727-A Allen Parkway<br>Houston, TX 77019    | Vice President        |
| James B. Brown<br>2727 Allen Parkway<br>Houston, TX 77019         | Vice President        |
| Robert W. Chesner<br>2929 Allen Parkway<br>Houston, TX 77019      | Vice President        |

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| Name and Principal<br>Business Address  | Positions and Offices with Depositor<br>American General Life Insurance Company |
|---|---|
| -----<br>Valerie A. Childrey<br>750 West Virginia Street<br>Milwaukee, WI 53204 | Vice President  |
| Mark E. Childs<br>2727 Allen Parkway<br>Houston, TX 77019                       | Vice President  |
| Robert M. Cicchi<br>2727 Allen Parkway<br>Houston, TX 77019                     | Vice President  |
| Donald L. Davis<br>205 E. 10th Street<br>Amarillo, TX 79101                     | Vice President  |
| Steven A. Dmytrack<br>2929 Allen Parkway<br>Houston, TX 77019                   | Vice President  |
| Timothy M. Donovan<br>2727 Allen Parkway<br>Houston, TX 77019                   | Vice President  |
| Farideh N. Farrokhi<br>2727-A Allen Parkway<br>Houston, TX 77019                | Vice President  |
| Patrick Froze<br>750 West Virginia Street<br>Milwaukee, WI 53204                | Vice President  |
| Frederick J. Garland, Jr.<br>2727 Allen Parkway<br>Houston, TX 77019            | Vice President  |
| Lisa Gerhart<br>2727 Allen Parkway<br>Houston, TX 77019                         | Vice President  |

| Name and Principal<br>Business Address                            | Positions and Offices with Depositor<br>American General Life Insurance Company |
|---|---|
| Richard L. Gravette<br>2727-A Allen Parkway<br>Houston, TX 77019  | Vice President  |
| Kenneth J. Griesemer<br>6363 Forest Park Road<br>Dallas, TX 75235 | Vice President  |
| Daniel J. Gutenberger<br>70 Pine Street<br>New York, NY 10270     | Vice President  |
| Joel H. Hammer<br>1 Chase Manhattan Place<br>New York, NY 10005   | Vice President  |
| John Harmeling<br>2929 Allen Parkway<br>Houston, Texas 77019      | Vice President  |
| Craig H. Harrel<br>2929 Allen Parkway<br>Houston, TX 77019        | Vice President  |
| D. Leigh Harrington<br>2727 Allen Parkway<br>Houston, TX 77019    | Vice President  |
| Bradley Harris<br>2727 Allen Parkway<br>Houston, TX 77019         | Vice President  |
| Michael Harrison<br>2727 Allen Parkway<br>Houston, TX 77019       | Vice President  |
| Neal C. Hasty<br>6363 Forest Park Road<br>Dallas, TX 75235        | Vice President  |

| Name and Principal<br>Business Address                                | Positions and Offices with Depositor<br>American General Life Insurance Company |
|---|---|
| Keith C. Honig<br>1 SunAmerica Center<br>Los Angeles, CA 90067        | Vice President  |
| Walter P. Irby<br>2727 Allen Parkway<br>Houston, TX 77019             | Vice President  |
| Sharla A. Jackson<br>205 E. 10th Street<br>Amarillo, TX 79101         | Vice President  |
| David S. Jorgensen<br>2727-A Allen Parkway<br>Houston, TX 77019       | Vice President  |
| Stephen C. Kennedy<br>750 West Virginia Street<br>Milwaukee, WI 53204 | Vice President  |
| Gary J. Kleinman<br>1 Chase Manhattan Place<br>New York, NY 10005     | Vice President  |
| Charles L. Levy<br>2727 Allen Parkway<br>Houston, TX 77019            | Vice President  |
| Linda Lewis<br>6363 Forest Park Road<br>Dallas, TX 75235              | Vice President  |

Robert J. Ley  
70 Pine Street  
New York, NY 10270

Vice President

Jerry L. Livers  
2727 Allen Parkway  
Houston, TX 77019

Vice President

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| Name and Principal<br>Business Address                               | Positions and Offices with Depositor<br>American General Life Insurance Company |
|--|---|
| -----  | -----   |
| Gwendolyn J. Mallett<br>2727 Allen Parkway<br>Houston, TX 77019      | Vice President  |
| W. Larry Mask<br>2727 Allen Parkway<br>Houston, TX 77019             | Vice President  |
| Gordon S. Massie<br>2929 Allen Parkway<br>Houston, TX 77019          | Vice President  |
| Melvin C. McFall<br>2727 Allen Parkway<br>Houston, TX 77019          | Vice President  |
| Richard D. McFarland<br>2727 Allen Parkway<br>Houston, TX 77019      | Vice President  |
| Candace A. Michael<br>2727 Allen Parkway<br>Houston, TX 77019        | Vice President  |
| Anne K. Milio<br>2727 Allen Parkway<br>Houston, TX 77019             | Vice President  |
| Sylvia A. Miller<br>#1 Franklin Square<br>Springfield, IL 62713      | Vice President  |
| Alex N. Moral<br>2727 Allen Parkway<br>Houston, TX 77019             | Vice President-Product Design and Development                                   |
| Michael R. Murphy<br>750 West Virginia Street<br>Milwaukee, WI 53204 | Vice President  |

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| Name and Principal<br>Business Address                          | Positions and Offices with Depositor<br>American General Life Insurance Company |
|---|---|
| -----   | -----   |
| Carl T. Nichols<br>205 E. 10th Street<br>Amarillo, TX 79101     | Vice President  |
| Deanna D. Osmonson<br>2727 Allen Parkway<br>Houston, TX 77019   | Vice President and Chief Compliance Officer                                     |
| Rembert R. Owen, Jr.<br>2929 Allen Parkway<br>Houston, TX 77019 | Vice President  |
| Lori J. Payne<br>2727 Allen Parkway<br>Houston, TX 77019        | Vice President  |
| Kirsten M. Pedersen<br>2929 Allen Parkway<br>Houston, TX 77019  | Vice President  |
| John W. Penko<br>2727 Allen Parkway                             | Vice President  |

Houston, TX 77019

Cathy A. Percival Vice President  
2727 Allen Parkway  
Houston, TX 77019

Terri Robbins Vice President  
175 Water Street  
New York, NY 10038

Dale W. Sachtleben Vice President  
#1 Franklin Square  
Springfield, IL 62713

Robert C. Sage Vice President  
2727 Allen Parkway  
Houston, TX 77019

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| Name and Principal Business Address                                | Positions and Offices with Depositor American General Life Insurance Company |
|--|--|
| Kristin Sather<br>1 Chase Manhattan Place<br>New York, NY 10005    | Vice President   |
| Richard W. Scott<br>2929 Allen Parkway<br>Houston, TX 77019        | Vice President   |
| Tom L. Scott<br>2929 Allen Parkway<br>Houston, TX 77019            | Vice President   |
| T. Clay Spires<br>2929 Allen Parkway<br>Houston, TX 77019          | Vice President   |
| Gregory R. Thornton<br>#1 Franklin Square<br>Springfield, IL 62713 | Vice President   |
| Alan Vale<br>2929 Allen Parkway<br>Houston, TX 77019               | Vice President   |
| Christian D. Weiss<br>#1 Franklin Square<br>Springfield, IL 62713  | Vice President   |
| Bridgette Wilson<br>#1 Franklin Square<br>Springfield, IL 62713    | Vice President   |
| Elizabeth M. Tuck<br>70 Pine Street<br>New York, NY 10270          | Secretary  |

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Item 28. Persons Controlled by or Under Common Control with the Depositor or the Registrant

The Depositor is an indirect wholly-owned subsidiary of American International Group, Inc. ("AIG"). Set forth below is an organizational chart for AIG filed with the SEC on March 15, 2004 as Exhibit 21 to the Form 10-K. Footnotes to the organizational chart below are located at the end of Item 28. The current organizational chart for AIG can be found as Exhibit 21 in Form 10-K filed in 2005, SEC file Number 001-08787.

SUBSIDIARIES OF AIG

<TABLE>  
<CAPTION>

| Jurisdiction of Incorporation or Organization | % of Voting Securities Owned by its Immediate Parent(2) |
|---|---|
|---|---|

| <S>   | <C>           | <C>        |
|---|---------------|------------|
| American International Group, Inc. (1)              | Delaware      | (3)        |
| AIG Aviation, Inc.                                  | Georgia       | 100%       |
| AIG Bulgaria Insurance and Reinsurance Company EAD  | Bulgaria      | 100%       |
| AIG Capital Corporation                             | Delaware      | 100%       |
| AIG Consumer Finance Group, Inc.                    | Delaware      | 100%       |
| AIG Bank Polska S.A.                                | Poland        | 97.23%     |
| AIG Credit S.A.                                     | Poland        | 80%        |
| Compania Financiera Argentina S.A.                  | Argentina     | 92.7%      |
| AIG Global Asset Management Holdings Corp.          | Delaware      | 100%       |
| AIG Capital Partners, Inc.                          | Delaware      | 100%       |
| AIG Global Investment Corp.                         | New Jersey    | 100%       |
| John McStay Investment Counsel, L.P.                | Texas         | 82.84%     |
| International Lease Finance Corporation             | California    | 64.85% (4) |
| AIG Claim Services, Inc.                            | Delaware      | 100%       |
| AIG Credit Corp.                                    | Delaware      | 100%       |
| A.I. Credit Corp.                                   | New Hampshire | 100%       |
| Imperial Premium Finance, Inc.                      | California    | 100%       |
| Imperial Premium Finance, Inc.                      | Delaware      | 100%       |
| AIG Equity Sales Corp.                              | New York      | 100%       |
| AIG Federal Savings Bank                            | Delaware      | 100%       |
| AIG Finance Holdings, Inc.                          | New York      | 100%       |
| AIG Finance (Hong Kong) Limited                     | Hong Kong     | 100%       |
| AIG Financial Advisor Services, Inc.                | Delaware      | 100%       |
| AIG Financial Advisor Services (Europe), S.A.       | Luxembourg    | 100%       |
| AIG Financial Products Corp.                        | Delaware      | 100%       |
| AIG Matched Funding Corp.                           | Delaware      | 100%       |
| Banque AIG  | France        | 90% (5)    |
| AIG Funding, Inc.                                   | Delaware      | 100%       |
| AIG Global Real Estate Investment Corp.             | Delaware      | 100%       |
| AIG Global Trade & Political Risk Insurance Company | New Jersey    | 100%       |
| A.I.G. Golden Insurance Ltd.                        | Israel        | 50.01%     |
| AIG Life Insurance Company                          | Delaware      | 79% (6)    |
| AIG Life Insurance Company of Canada                | Canada        | 100%       |
| AIG Life Insurance Company of Puerto Rico           | Puerto Rico   | 100%       |
| AIG Marketing, Inc.                                 | Delaware      | 100%       |

</TABLE>

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SUBSIDIARIES OF AIG

<TABLE>

<CAPTION>

|   | Jurisdiction of<br>Incorporation<br>or Organization | % of Voting<br>Securities<br>Owned by<br>its<br>Immediate<br>Parent (2) |
|---|---|---|
| <S>   | <C>   | <C>   |
| AIG Memsas, Inc.                              | Delaware  | 100%  |
| Tata AIG General Insurance Company Limited    | India   | 26%   |
| AIG Private Bank Ltd.                         | Switzerland   | 100%  |
| AIG Retirement Services, Inc.                 | Delaware  | 100% (7)  |
| SunAmerica Life Insurance Company             | Arizona   | 100%  |
| SunAmerica Investments, Inc.                  | Georgia   | 70% (8)   |
| AIG Advisor Group, Inc.                       | Maryland  | 100%  |
| Advantage Capital Corporation                 | New York  | 100%  |
| FSC Securities Corporation                    | Delaware  | 100%  |
| Sentra Securities Corporation                 | California  | 100%  |
| Spelman & Co., Inc.                           | California  | 100%  |
| SunAmerica Securities, Inc.                   | Delaware  | 100%  |
| AIG SunAmerica Life Assurance Company         | Arizona   | 100% (9)  |
| Saamsun Holdings Corp.                        | Delaware  | 100%  |
| SAM Holdings Corporation                      | California  | 100%  |
| AIG SunAmerica Asset Management Corp.         | Delaware  | 100%  |
| AIG SunAmerica Capital Services, Inc.         | Delaware  | 100%  |
| Sun Royal Holdings Corporation                | California  | 100%  |
| Royal Alliance Associates, Inc.               | Delaware  | 100%  |
| First SunAmerica Life Insurance Company       | New York  | 100%  |
| AIG Risk Management, Inc.                     | New York  | 100%  |
| AIG Technologies, Inc.                        | New Hampshire                                       | 100%  |
| AIGTI, Inc.                                   | Delaware  | 100%  |
| AIG Trading Group Inc.                        | Delaware  | 100%  |
| AIG International, Inc.                       | Delaware  | 100%  |
| AIU Insurance Company                         | New York  | 52% (10)  |
| AIU North America, Inc.                       | New York  | 100%  |
| American General Corporation                  | Texas   | 100%  |
| American General Bancassurance Services, Inc. | Illinois  | 100%  |
| AGC Life Insurance Company                    | Missouri  | 100%  |

|  |           |        |      |
|--|-----------|--------|------|
| AIG Assurance Canada   | Canada    | 100%   | (11) |
| AIG Life of Bermuda, Ltd.  | Bermuda   | 100%   |      |
| American General Life and Accident Insurance Company             | Tennessee | 100%   |      |
| American General Life Insurance Company                          | Texas     | 100%   |      |
| American General Annuity Service Corporation                     | Texas     | 100%   |      |
| AIG Enterprise Services, LLC                                     | Delaware  | 100%   |      |
| American General Equity Services Corporation                     | Delaware  | 100%   |      |
| American General Life Companies, LLC                             | Delaware  | 100%   |      |
| The Variable Annuity Life Insurance Company                      | Texas     | 100%   |      |
| VALIC Retirement Services Company                                | Texas     | 100%   |      |
| VALIC Trust Company  | Texas     | 100%   |      |
| American General Property Insurance Company                      | Tennessee | 51.85% | (12) |
| American General Property Insurance Company of Florida           | Florida   | 100%   |      |
| AIG Annuity Insurance Company                                    | Texas     | 100%   |      |
| The United States Life Insurance Company in the City of New York | New York  | 100%   |      |

</TABLE>

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SUBSIDIARIES OF AIG

<TABLE>  
<CAPTION>

|  | Jurisdiction of<br>Incorporation<br>or Organization | % of Voting<br>Securities<br>Owned by<br>its<br>Immediate<br>Parent (2) |
|--|---|---|
|  | -----   | -----   |
| <S>  | <C>   | <C>   |
| American General Finance, Inc.                               | Indiana   | 100%  |
| AGF Investment Corp.   | Indiana   | 100%  |
| American General Auto Finance, Inc.                          | Delaware  | 100%  |
| American General Finance Corporation                         | Indiana   | 100%  |
| Crossroads Mortgage, Inc.                                    | Tennessee   | 100%  |
| ENM, Inc.  | Tennessee   | 100%  |
| MorEquity, Inc.  | Nevada  | 100%  |
| Wilmington Finance, Inc.                                     | Delaware  | 100%  |
| Merit Life Insurance Co.                                     | Indiana   | 100%  |
| Yosemite Insurance Company                                   | Indiana   | 100%  |
| CommoLoCo, Inc.  | Puerto Rico   | 100%  |
| American General Financial Services of Alabama, Inc.         | Alabama   | 100%  |
| HSA Residential Mortgage Services of Texas, Inc.             | Delaware  | 100%  |
| American General Investment Management Corporation           | Delaware  | 100%  |
| American General Realty Investment Corporation               | Texas   | 100%  |
| American General Assurance Company                           | Illinois  | 100%  |
| American General Indemnity Company                           | Illinois  | 100%  |
| USLIFE Credit Life Insurance Company of Arizona              | Arizona   | 100%  |
| Knickerbocker Corporation                                    | Texas   | 100%  |
| American Home Assurance Company                              | New York  | 100%  |
| AIG Hawaii Insurance Company, Inc.                           | Hawaii  | 100%  |
| American Pacific Insurance Company, Inc.                     | Hawaii  | 100%  |
| American International Insurance Company                     | New York  | 100%  |
| American International Insurance Company of California, Inc. | California  | 100%  |
| American International Insurance Company of New Jersey       | New Jersey  | 100%  |
| Minnesota Insurance Company                                  | Minnesota   | 100%  |
| American International Realty Corp.                          | Delaware  | 31.5% (13)  |
| Pine Street Real Estate Holdings Corp.                       | New Hampshire                                       | 31.47% (13)   |
| Transatlantic Holdings, Inc.                                 | Delaware  | 33.61% (14)   |
| Transatlantic Reinsurance Company                            | New York  | 100%  |
| Putnam Reinsurance Company                                   | New York  | 100%  |
| Trans Re Zurich  | Switzerland   | 100%  |
| American International Insurance Company of Delaware         | Delaware  | 100%  |
| American International Life Assurance Company of New York    | New York  | 77.52% (15)   |
| American International Reinsurance Company, Ltd.             | Bermuda   | 100%  |
| AIG Edison Life Insurance Company                            | Japan   | 90% (16)  |
| American International Assurance Company, Limited            | Hong Kong   | 100%  |
| American International Assurance Company (Australia) Limited | Australia   | 100%  |
| American International Assurance Company (Bermuda) Limited   | Bermuda   | 100%  |
| American International Assurance Co. (Vietnam) Limited       | Vietnam   | 100%  |
| Tata AIG Life Insurance Company Limited                      | India   | 26%   |
| Nan Shan Life Insurance Company, Ltd.                        | Taiwan  | 95%   |
| American International Underwriters Corporation              | New York  | 100%  |
| American International Underwriters Overseas, Ltd.           | Bermuda   | 100%  |
| AIG Europe (Ireland) Limited                                 | Ireland   | 100%  |

</TABLE>

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SUBSIDIARIES OF AIG

<TABLE>  
<CAPTION>

|   | Jurisdiction of<br>Incorporation<br>or Organization | % of Voting<br>Securities<br>Owned by<br>its<br>Immediate<br>Parent (2) |
|---|---|---|
| <S>   | <C>   | <C>   |
| AIG Europe (U.K.) Limited   | England   | 100%  |
| AIG Brasil Companhia de Seguros   | Brazil  | 50%   |
| Universal Insurance Co., Ltd.   | Thailand  | 100%  |
| La Seguridad de Centroamerica, Compania de Seguros S.A.                   | Guatemala   | 100%  |
| American International Insurance Company of Puerto Rico                   | Puerto Rico   | 100%  |
| A.I.G. Colombia Seguros Generales S.A.                                    | Colombia  | 100%  |
| American International Underwriters GmbH                                  | Germany   | 100%  |
| Underwriters Adjustment Company, Inc.                                     | Panama  | 100%  |
| American Life Insurance Company   | Delaware  | 100%  |
| AIG Life (Bulgaria) Z.D. A.D  | Bulgaria  | 100%  |
| ALICO, S.A.   | France  | 100%  |
| American Life Insurance Company (Kenya) Limited                           | Kenya   | 66.67%  |
| Pharaonic American Life Insurance Company                                 | Egypt   | 71.63%  |
| AIG Life Insurance Company (Switzerland) Ltd.                             | Switzerland   | 100%  |
| American Security Life Insurance Company, Ltd.                            | Lichtenstein  | 100%  |
| Birmingham Fire Insurance Company of Pennsylvania                         | Pennsylvania  | 100%  |
| China America Insurance Company, Ltd.                                     | Delaware  | 50%   |
| Commerce and Industry Insurance Company                                   | New York  | 100%  |
| Commerce and Industry Insurance Company of Canada                         | Ontario   | 100%  |
| Delaware American Life Insurance Company                                  | Delaware  | 100%  |
| Hawaii Insurance Consultants, Ltd.  | Hawaii  | 100%  |
| HSB Group, Inc.   | Delaware  | 100%  |
| The Hartford Steam Boiler Inspection and Insurance Company                | Connecticut   | 100%  |
| The Allen Insurance Company, Ltd.   | Bermuda   | 100%  |
| The Hartford Steam Boiler Inspection and Insurance Company of Connecticut | Connecticut   | 100%  |
| HSB Engineering Insurance Limited   | England   | 100%  |
| The Boiler Inspection and Insurance Company of Canada                     | Canada  | 100%  |
| The Insurance Company of the State of Pennsylvania                        | Pennsylvania  | 100%  |
| Landmark Insurance Company  | California  | 100%  |
| Mt. Mansfield Company, Inc.   | Vermont   | 100%  |
| National Union Fire Insurance Company of Pittsburgh, Pa                   | Pennsylvania  | 100%  |
| American International Specialty Lines Insurance Company                  | Alaska  | 70% (17)  |
| Lexington Insurance Company   | Delaware  | 70% (17)  |
| GE Property & Casualty Insurance Company                                  | Pennsylvania  | 100%  |
| GE Casualty Insurance Company   | Pennsylvania  | 100%  |
| GE Indemnity Insurance Company  | Pennsylvania  | 100%  |
| GE Auto & Home Assurance Company  | Pennsylvania  | 100%  |
| Bayside Casualty Insurance Company  | New Jersey  | 100%  |
| JI Accident & Fire Insurance Co. Ltd.                                     | Japan   | 50%   |
| National Union Fire Insurance Company of Louisiana                        | Louisiana   | 100%  |
| National Union Fire Insurance Company of Vermont                          | Vermont   | 100%  |
| 21st Century Insurance Group  | California  | 33.03% (18)   |
| 21st Century Insurance Company  | California  | 100%  |
| 21st Century Casualty Company   | California  | 100%  |
| 21st Century Insurance Company of Arizona                                 | Arizona   | 100%  |

</TABLE>

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SUBSIDIARIES OF AIG

<TABLE>  
<CAPTION>

|   | Jurisdiction of<br>Incorporation<br>or Organization | % of Voting<br>Securities<br>Owned by<br>its<br>Immediate<br>Parent (2) |
|---|---|---|
| <S>   | <C>   | <C>   |
| Starr Excess Liability Insurance Company, Ltd.      | Delaware  | 100%  |
| Starr Excess Liability Insurance International Ltd. | Ireland   | 100%  |
| NHIG Holding Corp.                                  | Delaware  | 100%  |
| Audubon Insurance Company                           | Louisiana   | 100%  |
| Audubon Indemnity Company                           | Mississippi   | 100%  |
| Agency Management Corporation                       | Louisiana   | 100%  |
| The Gulf Agency, Inc.                               | Alabama   | 100%  |
| New Hampshire Insurance Company                     | Pennsylvania  | 100%  |
| AIG Europe, S.A.                                    | France  | (19)  |
| AI Network Corporation                              | Delaware  | 100%  |
| American International Pacific Insurance Company    | Colorado  | 100%  |

|   |                     |             |
|---|---------------------|-------------|
| American International South Insurance Company .....                  | Pennsylvania.....   | 100%        |
| Granite State Insurance Company .....                                 | Pennsylvania.....   | 100%        |
| New Hampshire Indemnity Company, Inc. ....                            | Pennsylvania.....   | 100%        |
| AIG National Insurance Company, Inc. ....                             | New York.....       | 100%        |
| Illinois National Insurance Co. ....                                  | Illinois.....       | 100%        |
| New Hampshire Insurance Services, Inc. ....                           | New Hampshire.....  | 100%        |
| AIG Star Life Insurance Co., Ltd .....                                | Japan.....          | 100%        |
| Pharaonic Insurance Company, S.A.E .....                              | Egypt.....          | 89.98%      |
| The Philippine American Life and General Insurance Company .....      | Philippines.....    | 99.78%      |
| Pacific Union Assurance Company .....                                 | California.....     | 100%        |
| Philam Equitable Life Assurance Company, Inc. ....                    | Philippines.....    | 95.31%      |
| The Philippine American General Insurance Company, Inc. ....          | Philippines.....    | 100%        |
| Philam Insurance Company, Inc. ....                                   | Philippines.....    | 100%        |
| Risk Specialist Companies, Inc. ....                                  | Delaware.....       | 100%        |
| United Guaranty Corporation .....                                     | North Carolina..... | 36.31% (20) |
| United Guaranty Insurance Company .....                               | North Carolina..... | 100%        |
| United Guaranty Mortgage Insurance Company .....                      | North Carolina..... | 100%        |
| United Guaranty Mortgage Insurance Company of North Carolina .....    | North Carolina..... | 100%        |
| United Guaranty Partners Insurance Company .....                      | Vermont.....        | 80%         |
| United Guaranty Residential Insurance Company of North Carolina ..... | North Carolina..... | 100%        |
| United Guaranty Residential Insurance Company .....                   | North Carolina..... | 75.03% (21) |
| United Guaranty Commercial Insurance Company of North Carolina .....  | North Carolina..... | 100%        |
| United Guaranty Mortgage Indemnity Company .....                      | North Carolina..... | 100%        |
| United Guaranty Credit Insurance Company .....                        | North Carolina..... | 100%        |
| United Guaranty Services, Inc. ....                                   | North Carolina..... | 100%        |

</TABLE>

- 
- (1) All subsidiaries listed are consolidated in the financial statements of AIG in its Form 10-K in 2004, SEC file number 001-08787. Certain subsidiaries have been omitted from the tabulation. The omitted subsidiaries, when considered in the aggregate as a single subsidiary, do not constitute a significant subsidiary.
  - (2) Percentages include directors' qualifying shares.
  - (3) The common stock is owned approximately 11.9 percent by Starr International Company, Inc., 1.8 percent by C. V. Starr & Co., Inc. and 2.0 percent by The Starr Foundation.
  - (4) Also owned 35.15 percent by National Union Fire Insurance Company of Pittsburgh, Pa.

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- (5) Also owned 10 percent by AIG Matched Funding Corp.
- (6) Also owned 21 percent by Commerce and Industry Insurance Company.
- (7) Formerly known as AIG SunAmerica Inc.
- (8) Also owned 30 percent by AIG Retirement Services Inc.
- (9) Formerly known as Anchor National Life Insurance Company.
- (10) Also owned 8 percent by The Insurance Company of the State of Pennsylvania, 32 percent by National Union Fire Insurance Company of Pittsburgh, Pa. and 8 percent by Birmingham Fire Insurance Company of Pennsylvania.
- (11) Indirect wholly-owned subsidiary.
- (12) Also owned 48.15 percent by American General Life and Accident Insurance Company.
- (13) Also owned by 11 other AIG subsidiaries.
- (14) Also owned 26.06 percent by AIG.
- (15) Also owned 22.48 percent by American Home Assurance Company.
- (16) Also owned 10 percent by a subsidiary of American Life Insurance Company.
- (17) Also owned 20 percent by The Insurance Company of the State of Pennsylvania and 10 percent by Birmingham Fire Insurance Company of Pennsylvania.
- (18) Also owned 16.85 percent by American Home Assurance Company, 6.34 percent by Commerce and Industry Insurance Company and 6.34 percent by New Hampshire Insurance Company.
- (19) 100 percent to be held with other AIG companies.
- (20) Also owned 45.88 percent by National Union Fire Insurance Company of Pittsburgh, Pa., 16.95 percent by New Hampshire Insurance Company and 0.86 percent by The Insurance Company of the State of Pennsylvania.
- (21) Also owned 24.97 percent by United Guaranty Residential Insurance Company of North Carolina.

The Registrant is a separate account of American General Life Insurance Company (Depositor).

Item 29. Indemnification

Article VII, section 1, of the Company's By-Laws provides, in part, that the Company shall have power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Company) by reason of the fact that such person is or was serving at the request of the Company, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interest of the Company and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of

such person was unlawful.

Article VII, section 1 (in part), section 2, and section 3, provide that the Company shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action by or in the right of the Company to procure a judgment in its favor by reason of the fact that such person is or was acting in behalf of the Company, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the Company, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under section 1: (a) in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the Company, unless and only to the extent that the court in which such action was brought shall determine upon application that, in view of all the circumstances of the

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case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine; (b) of amounts paid in settling or otherwise disposing of a threatened or pending action with or without court approval; or (c) of expense incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval.

Article VII, section 3, provides that, with certain exceptions, any indemnification under Article VII shall be made by the Company only if authorized in the specific case, upon a determination that indemnification of the person is proper in the circumstances because the person has met the applicable standard of conduct set forth in section 1 of Article VII by (a) a majority vote of a quorum consisting of directors who are not parties to such proceeding; (b) approval of the shareholders, with the shares owned by the person to be indemnified not being entitled to vote thereon; or (c) the court in which such proceeding is or was pending upon application made by the Company or the indemnified person or the attorney or other persons rendering services in connection with the defense, whether or not such application by the attorney or indemnified person is opposed by the Company.

Article VII, section 7, provides that for purposes of Article VII, those persons subject to indemnification include any person who is or was a director, officer, or employee of the Company, or is or was serving at the request of the Company as a director, officer, or employee of another foreign or domestic corporation which was a predecessor corporation of the Company or of another enterprise at the request of such predecessor corporation.

Insofar as indemnification for liability arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

#### Item 30. Principal Underwriters

(a) Other Activity. Registrant's principal underwriter, American General Equity Services Corporation, also acts as principal underwriter for American General Life Insurance Company Separate Account A, American General Life Insurance Company Separate Account D, American General Life Insurance Company Separate Account VA-1 and American General Life Insurance Company Separate Account VA-2, which all offer interests in variable annuities. American General Equity Services Corporation also acts as principal underwriter for American General Life Insurance

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Company Separate Account VUL and American General Life Insurance Company Separate Account VUL-2, which both offer interests in flexible premium variable life insurance policies. American General Equity Services Corporation also acts as principal underwriter for certain other separate accounts of American General Life Insurance Company affiliates.

(b) Management.

| Name and Principal Business Address                                 | Positions and Offices with Underwriter American General Equity Services Corporation   |
|---|---|
| Rodney O. Martin, Jr.<br>2929 Allen Parkway<br>Houston, TX 77019    | Director and Chairman of the Board of Directors                                       |
| Mark R. McGuire<br>2727 Allen Parkway<br>Houston, TX 77019          | Director and Senior Vice President  |
| Ernest T. Patrikis<br>70 Pine Street<br>New York, NY 10270          | Director  |
| Gary D. Reddick<br>2929 Allen Parkway<br>Houston, TX 77019          | Director  |
| Richard J. Miller<br>2929 Allen Parkway<br>Houston, TX 77019        | President and Chief Executive Officer   |
| Robert F. Herbert, Jr.<br>2727-A Allen Parkway<br>Houston, TX 77019 | Vice President  |
| Lucille S. Martinez<br>2727 Allen Parkway<br>Houston, TX 77019      | Vice President, Treasurer and Controller  |
| Deanna D. Osmonson<br>2727 Allen Parkway<br>Houston, TX 77019       | Vice President, Chief Compliance Officer and Anti-Money Laundering Compliance Officer |

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| Name and Principal Business Address                            | Positions and Offices with Underwriter American General Equity Services Corporation |
|--|---|
| Elizabeth M. Tuck<br>70 Pine Street<br>New York, NY 10270      | Secretary   |
| Edward F. Andrzejewski<br>70 Pine Street<br>New York, NY 10270 | Tax Officer   |
| Amy M. Cinquegrana<br>2929 Allen Parkway<br>Houston, TX 77019  | Assistant Secretary   |
| Lauren W. Jones<br>2929 Allen Parkway<br>Houston, TX 77019     | Assistant Secretary   |
| David M. Robinson<br>2929 Allen Parkway<br>Houston, TX 77019   | Assistant Secretary   |
| John D. Fleming<br>2929 Allen Parkway<br>Houston, TX 77019     | Assistant Treasurer   |
| Barbara J. Moore<br>2919 Allen Parkway<br>Houston, TX 77019    | Assistant Tax Officer   |
| T. Clay Spires<br>2727-A Allen Parkway<br>Houston, TX 77019    | Assistant Tax Officer   |

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(c) Compensation From the Registrant.

<TABLE>  
<CAPTION>

| Name of Principal Underwriter                | Net Underwriting Discounts and Commissions | Compensation on Events Occasioning the Deduction of a Deferred Sales Load | Brokerage Commissions | Other Compensation |
|--|--|---|-----------------------|--------------------|
| <S>  | <C>  | <C>   | <C>                   | <C>                |
| American General Equity Services Corporation | 0  | 0   | 0                     | 0                  |

Item 31. Location of Accounts and Records

All records referenced under Section 31(a) of the 1940 Act, and Rules 31a-1 through 31a-3 thereunder, are maintained and in the custody of American General Life Insurance Company at its principal executive office located at 2727-A Allen Parkway, Houston, Texas 77019-2191 or at American General Life Insurance Company's Administrative Office located at #1 Franklin Square, Springfield, Illinois 62713.

Item 32. Management Services Not applicable.

Item 33. Fee Representation

American General Life Insurance Company hereby represents that the fees and charges deducted under the Policy, in the aggregate, are reasonable in relation to the services rendered, the expenses expected to be incurred, and risks assumed by American General Life Insurance Company.

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POWERS OF ATTORNEY

Each person whose signature appears below hereby appoints Robert F. Herbert, Jr., Gary D. Reddick and Kyle L. Jennings and each of them, any one of whom may act without the joinder of the others, as his/her attorney-in-fact to sign on his/her behalf and in the capacity stated below and to file all amendments to this Registration Statement, which amendment or amendments may make such changes and additions to this Registration Statement as such attorney-in-fact may deem necessary or appropriate.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant, American General Life Insurance Company Separate Account VL-R, certifies that it meets all of the requirements for effectiveness of this amended Registration Statement under Rule 485(b) under the Securities Act of 1933 and has duly caused this amended Registration Statement to be signed on its behalf by the undersigned, duly authorized, in the City of Houston, and State of Texas on the 29th day of April, 2005.

AMERICAN GENERAL LIFE INSURANCE COMPANY  
SEPARATE ACCOUNT VL-R  
(Registrant)

BY: AMERICAN GENERAL LIFE INSURANCE COMPANY  
(On behalf of the Registrant and itself)

BY: ROBERT F. HERBERT, JR.

-----  
ROBERT F. HERBERT, JR.  
SENIOR VICE PRESIDENT, TREASURER AND  
CONTROLLER

[SEAL]

ATTEST: LAUREN W. JONES

-----  
LAUREN W. JONES  
ASSISTANT SECRETARY

Pursuant to the requirements of the Securities Act of 1933, this amended Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

| Signature | Title | Date  |
|-----------|-------|-------|
| -----     | ----- | ----- |

|   |   |                |
|---|---|----------------|
| RODNEY O. MARTIN, JR.<br>-----<br>RODNEY O. MARTIN, JR. | Director, Chairman,<br>President and Chief<br>Executive Officer | April 29, 2005 |
| CHRISTOPHER J. SWIFT<br>-----<br>CHRISTOPHER J. SWIFT   | Director and Chief<br>Financial Officer                         | April 29, 2005 |
| M. BERNARD AIDINOFF<br>-----<br>M. BERNARD AIDINOFF     | Director  | April 29, 2005 |
| DAVID J. DIETZ<br>-----<br>DAVID J. DIETZ               | Director  | April 29, 2005 |
| DAVID L. HERZOG<br>-----<br>DAVID L. HERZOG             | Director  | April 29, 2005 |
| RICHARD A. HOLLAR<br>-----<br>RICHARD A. HOLLAR         | Director  | April 29, 2005 |
| ROYCE G. IMHOFF II<br>-----<br>ROYCE G. IMHOFF II       | Director  | April 29, 2005 |
| DONALD P. KANAK, JR.<br>-----<br>DONALD P. KANAK, JR.   | Director  | April 29, 2005 |
| Signature<br>-----                                      | Title<br>-----  | Date<br>-----  |
| RICHARD J. MILLER<br>-----<br>RICHARD J. MILLER         | Director  | April 29, 2005 |
| ERNEST T. PATRIKIS<br>-----<br>ERNEST T. PATRIKIS       | Director  | April 29, 2005 |
| GARY D. REDDICK<br>-----<br>GARY D. REDDICK             | Director  | April 29, 2005 |
| MARTIN J. SULLIVAN<br>-----<br>MARTIN J. SULLIVAN       | Director  | April 29, 2005 |
| JAMES W. WEAKLEY<br>-----<br>JAMES W. WEAKLEY           | Director  | April 29, 2005 |

EXHIBIT INDEX

Item 26. Exhibits

- (n) (1) Consent of Independent Registered Public Accounting Firm,  
PricewaterhouseCoopers LLP.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Post-Effective Amendment No. 8 to the Registration Statement on Form N-6 (Registration Nos. 333-80191 and 811-08561) of our report dated April 29, 2005 relating to the financial statements and financial highlights of American General Life Insurance Company Separate Account VL-R and our report dated April 29, 2005 relating to the consolidated financial statements of American General Life Insurance Company, which appear in such Registration Statement. We also consent to the references to us under the heading "Financial Statements" in such Registration Statement.

PRICEWATERHOUSECOOPERS LLP

Houston, Texas  
April 29, 2005