

SECURITIES AND EXCHANGE COMMISSION

FORM 485BPOS

Post-effective amendments [Rule 485(b)]

Filing Date: **2005-05-02**
SEC Accession No. **0001193125-05-091962**

([HTML Version](#) on [secdatabase.com](#))

FILER

VARIABLE ACCOUNT II AIG LIFE INSURANCE CO

CIK: **803466** | IRS No.: **251118523** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **485BPOS** | Act: **40** | File No.: **811-04867** | Film No.: **05789780**

Mailing Address
*ONE ALICO PLAZA
P O BOX 667
WILMINGTON DE 19801*

Business Address
*ONE ALICO PLAZA
600 KING STREET
WILMINGTON DE 19801
302-594-2000*

VARIABLE ACCOUNT II AIG LIFE INSURANCE CO

CIK: **803466** | IRS No.: **251118523** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **485BPOS** | Act: **33** | File No.: **333-34199** | Film No.: **05789781**

Mailing Address
*ONE ALICO PLAZA
P O BOX 667
WILMINGTON DE 19801*

Business Address
*ONE ALICO PLAZA
600 KING STREET
WILMINGTON DE 19801
302-594-2000*

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. [13]

and/or

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

Amendment No. [5]

VARIABLE ACCOUNT II OF AIG LIFE INSURANCE COMPANY
(Exact Name of Registrant)

AIG LIFE INSURANCE COMPANY
(Name of Depositor)

One ALICO Plaza
600 King Street
Wilmington, Delaware 19801

(Address of Depositor's Principal Executive Offices) (Zip Code)

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

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)
 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.

EXECUTIVE ADVANTAGE (SM)

GROUP FLEXIBLE PREMIUM VARIABLE UNIVERSAL LIFE INSURANCE POLICIES (the "Policies") issued by AIG Life Insurance Company ("AIG Life") through its Variable Account II

This prospectus is dated
May 2, 2005

AIG Life Insurance Company ("AIG Life") is offering life insurance coverage under the Executive Advantage(SM) group flexible premium variable universal life policy (the "Policy"). The Policy provides insurance protection for individuals

within groups under corporate owned or sponsored arrangements. Corporate owned arrangements are those where an employer (or trust established by an employer) purchases life insurance coverage on their employees. The employer or trust is the Beneficiary. Sponsored arrangements are those instances where an employer, a financial institution or association allows us to sell insurance policies to its employees, depositors or members. The description of the Policy in this prospectus is fully applicable to your certificate and the word "Policy" includes any such certificate.

For information on how to contact AIG Life, please see page 5.

The Index of Special Words and Phrases on page 49 will define 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 prospectus generally describes only the variable portions of the Policy. Please read this prospectus carefully and keep it for future reference.

The Guaranteed Account is part of our general account. You can use AIG Life's Variable Account II ("Variable Account") to invest in the Executive Advantage variable investment options. Currently, the Executive Advantage variable investment options each purchase shares of a corresponding Fund of:

- .. AllianceBernstein Variable Products Series Fund, Inc. ("AllianceBernstein VPSF")
- .. American Century Variable Portfolios, Inc. ("American Century VP")
- .. Credit Suisse Trust ("Credit Suisse Trust")
- .. Fidelity(R) Variable Insurance Products ("Fidelity(R) VIP")
- .. Franklin Templeton Variable Insurance Products Trust ("Franklin Templeton VIP")
- .. Goldman Sachs Variable Insurance Trust ("Goldman Sachs VIT")
- .. J.P. Morgan Series Trust II ("JPMorgan ST II")
- .. FAM Variable Series Funds, Inc. ("Mercury")
- .. Neuberger Berman Advisers Management Trust ("Neuberger Berman AMT")
- .. PIMCO Variable Insurance Trust ("PIMCO VIT")
- .. The Universal Institutional Funds, Inc. ("UIF")
- .. VALIC Company I ("VALIC Co. I")
- .. Vanguard(R) Variable Insurance Fund ("Vanguard(R) VIF")

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

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.

TABLE OF CONTENTS

POLICY BENEFITS/RISKS SUMMARY	6
POLICY BENEFITS	6
Death Benefit	6
Death Benefit Proceeds	6
Death Benefit Options	6
Full Surrenders, Partial Surrenders, Transfers, and Policy Loans	6
Full Surrenders	6
Partial Surrenders	7

Transfers	7
Loans	7
Premiums	7
Flexibility of Premiums	7
Free Look	7
The Policy	7
Ownership Rights	7
Variable Account	7
Guaranteed Account	8
Account Value	8
Payment Options	8
Tax Benefits	8
Supplemental Benefits and Riders	8
POLICY RISKS	8
Investment Risk	8
Risk of Lapse	9
Tax Risks	9
Partial Surrender and Full Surrender Risks	9
Policy Loan Risks	10
PORTFOLIO RISKS	10
TABLES OF CHARGES	11
GENERAL INFORMATION	15
AIG Life Insurance Company	15
The Variable Account	15
Additional Information	15
Communication with AIG Life	15
Administrative Center	15
Applying for a Policy	16
Our age requirement for the Insured	16
The minimum Face Amount	16
We require a minimum initial premium	16
When your coverage will be effective	16
General	16
Variable Investment Options	17
Guaranteed Investment Option	19
Guaranteed Account Value	19
Voting Privileges	20
Illustrations	20
POLICY FEATURES	21
Death Benefits	21
Your Face Amount of insurance	21
Your death benefit	21
Life Insurance Proceeds	22
Payment of Life Insurance Proceeds	22
Amount of Life Insurance Proceeds	22
Tax Qualification Options	22
Changes in Death Benefit Options	23
How to request a change	23
Tax consequences of changes in insurance coverage	23
Premium Payments	23
Restrictions on Premium	23

Minimum Initial Premium	24
Planned Periodic Premium	24
Additional Premium	24
Effect of Premium Payments	24
Grace Period	24
Premium Allocations	25
Allocation Rules	25
Crediting Premium	25
Future premium payments	25
Determining the Account Value	26
Account Value in the Subaccounts	26
Accumulation Unit Values	27
Net Investment Factor	27
Guaranteed Account Value	27
Net Account Value	27
Cash Surrender Value	27
Net Cash Surrender Value	27
Transfers	28
Minimum amount of transfer	28
Form of transfer request	28
Transfers from the Guaranteed Account	28
Date We Process Your Transfer Request	28
Number of Permitted Transfers/Transfer Charge	28
Dollar Cost Averaging	28

Processing your automatic dollar cost averaging transfers	29
Market Timing	29
Fund-Rejected Transfers	30
Changing the Face Amount of Insurance	30
Changes in Face Amount	30
Increases in Face Amount	30
Decreases in Face Amount	30
Consequences of a Change in Face Amount	31
Effective Date of Policy and Related Transactions	31
Valuation dates, times, and periods	31
Fund Pricing	31
Date of receipt	31
Commencement of insurance coverage	31
Issue Date; Policy months and years	31
Monthly deduction days	31
Commencement of investment performance	31
Effective date of other premium payments and requests that you make	32
Reports to Policy Owners	32
POLICY TRANSACTIONS	33
Withdrawing Policy Investments	33
Full surrender	33
Partial surrender	33
Loans	33
Maximum Loan Amount	33
Interest	34
Loan Account	34
Effect of a Loan	34
Outstanding Loan	34
Loan Repayment	34
Maturity of your Policy	34
Tax considerations	35
POLICY PAYMENTS	35
Payment Options	35
Change of payment option	35
Tax impact	35
The Beneficiary	35
Assignment of a Policy	35

Payment of Proceeds	35
General	35
Delay of Guaranteed Account option proceeds	36
Delay for check clearance	36
Delay of Variable Account proceeds	36
Delay to challenge coverage	36
Delay required under applicable law	36
ADDITIONAL RIGHTS THAT WE HAVE	37
CHARGES UNDER THE POLICY	37
Deductions From Premium	38
Monthly Deduction From Account Value	38
Administrative Charge	38
Cost of Insurance Charge	38
Net Amount at Risk	39
Rate Classes for Insureds	39
Legal Considerations Relating to Sex-Distinct Premiums and Benefits	40
Deduction From Variable Account Assets	40
Mortality and Expense Risk Charge	40
Deductions Upon Policy Transactions	41
Transfer Charge	41
Surrender Charge	41
Surrender Charge Calculation	41
Surrender Charge Based On An Increase Or Decrease In Face Amount	42
Partial Surrender Charge	42
Partial Surrender Charge Due to Decrease in Face Amount	42
Partial Surrender Administrative Charge	42
Discount Purchase Programs	42
OTHER POLICY PROVISIONS	42
Right to Exchange	42
More About Policy Charges	43
Purpose of our charges	43
General	43
Account Value	43
Your Account Value	43
Your investment options	44
The Guaranteed Account	44
POLICY LAPSE AND REINSTATEMENT	44

Reinstatement	44
FEDERAL INCOME TAX CONSIDERATIONS	45
Tax Status of the Policy	45
AIG Life	45
Diversification and Investor Control	45
Tax Treatment of the Policy	46
Tax Treatment of Policy Benefits In General	46
Pre-Death Distribution	46
Policies Not Classified as Modified Endowment Contracts	46
Modified Endowment Contracts	47
Interest on Loans	47
Policy Exchanges and Modifications	48
Withholding	48
Contracts Issued in Connection With Tax Qualified Pension Plans	48
Possible Charge for AIG Life's Taxes	48
LEGAL PROCEEDINGS	48
FINANCIAL STATEMENTS	48
INDEX OF SPECIAL WORDS AND PHRASES	49
APPENDIX A	51

CONTACT INFORMATION: Here is how you can contact us about the AIG Life Executive Advantage Policies:

Administrative Center:	Home Office:

AIG Life Insurance Company	AIG Life Insurance Company
One ALICO Plaza	One ALICO Plaza
600 King Street, CLMK	600 King Street
Wilmington, Delaware 19801	Wilmington, Delaware 19801
1-302-594-2352	1-302-594-2352

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

You may allocate your Account Value among the 45 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 Guaranteed Account, which credits a specified rate of interest. Your Account Value will vary based on the investment performance of the variable investment options you choose and interest credited in the Guaranteed Account.

Death Benefit

- .. Death Benefit Proceeds: We pay the death benefit proceeds (reduced by any outstanding Policy loans and any accrued loan interest) to the Beneficiary when the Insured person dies. In your application to buy an Executive Advantage Policy, you tell us how much life insurance coverage you want. We call this the "Face Amount" of insurance.
- .. Death Benefit Options: You must choose one of the two Death Benefit Options when you apply for your Policy:
 - . Level Death Benefit Option or
 - . Increasing Death Benefit Option

For the Level Death Benefit Option, the death benefit will be the greater of:

- . Face Amount; or
- . Account Value on the date of death multiplied by the appropriate minimum death benefit factor.

You should consider this Death Benefit Option if you want to minimize your cost of insurance.

For the Increasing Death Benefit Option, the death benefit will be the greater of:

- . Face Amount plus the Account Value; or
- . Account Value on the date of death multiplied by the appropriate minimum death benefit factor.

You should consider this Death Benefit Option if you want your death benefit to increase with your Account Value.

Federal tax law may require us to increase payment under any of the above Death Benefit Options. See "Tax Qualification Options" on page 22.

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. If you do, we will pay you the Account Value, less any Policy loans and any accrued loan interest, and less any surrender charge that then applies. We call this amount your Net Cash Surrender Value. A surrender charge may apply. See "Surrender Charge" on page 41. You cannot reinstate a surrendered Policy. A full surrender may have adverse tax consequences.

6

- .. Partial Surrenders: We will not allow a partial surrender during the first Policy year or during the first 12 months following an increase in Face Amount. You may make two partial surrenders per year. A partial surrender must be at least \$500 but may not exceed 90% of your Policy's Net Cash Surrender Value. We may deduct the applicable surrender charge on a partial surrender. Currently, we do not assess a processing charge for partial surrenders. A partial surrender may have adverse tax consequences.
- .. Transfers: Within certain limits, you may make transfers among the variable investment options and the Guaranteed Account. You may make up to twelve transfers of Account Value among the variable investment options in each Policy year without charge. We currently assess a \$25 charge for each transfer after the 12th transfer in a Policy year. There are special limits on transfers involving the Guaranteed Account.
- .. Loans: You may take a loan from your Policy at any time after the first Policy year. The maximum loan amount you may take is 90% of your Policy's Net Cash Surrender Value. We charge you interest daily on any Outstanding Loan at a declared annual rate not in excess of 8%. The maximum net cost (the difference between the rate of interest charge on loans and the amount we credit on the equivalent amount held in the Loan Account) of a loan is 2% per year. You may increase your risk of lapse if you take a loan. Loans may have adverse tax consequences.

Premiums

- .. Flexibility of Premiums: After you pay the initial premium, you can pay subsequent premiums at any time (prior to the Policy's maturity) and in any amount (but not less than \$50). You can select a premium payment plan to pay planned periodic premiums annually. You are not required to pay premiums according to the plan. 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 of the premiums paid.

The free look period generally expires the later of:

- . 10 days after you receive the Policy, or
- . 45 days after you sign Part I of the application.

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.
- .. Variable Account: You may direct the money in your Policy to any of the variable investment options of the Variable Account. Each variable investment option invests exclusively in one of the Mutual Funds listed in this prospectus.

- .. Guaranteed Account: You may place amounts in the Guaranteed Account where it earns interest at the rate of 4% annually. We may declare higher rates of interest, but are not obligated to do so.
- .. Account Value: Account Value varies from day to day, depending on the investment performance of the variable investment options you choose, interest we credit to the Guaranteed 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.
- .. Tax Benefits: The Policy is designed to afford the tax treatment normally accorded life insurance contracts 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 buildups 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 ("MEC"), the proceeds from Policy loans would not be taxed. If the Policy is not a MEC, distributions after the 15th Policy year generally will be treated first as a return of basis or investment in the contract and then as taxable income. Moreover, loans will generally not be treated as distributions. Finally, neither distributions nor loans from a Policy that is not a MEC are subject to the 10% penalty tax.

Supplemental Benefits and Riders

We offer no supplemental benefits or riders with this Policy.

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. Any applicable surrender charge may be large enough in the Policy's early years so that if you fully surrender your Policy you may receive no cash surrender value. If you take multiple partial surrenders, your Account Value may not cover required charges and your Policy would lapse.

If you invest your Account Value in one or more variable investment options, then you will be subject to the risk that the investment performance of the variable investment options will be unfavorable. You will also be subject to the risk that the Account 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 Account Value.

If you allocate Net Premiums to the Guaranteed Account, then we credit your Account Value (in the Guaranteed 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 Net Cash Surrender Value is not enough to pay the charges deducted against Account 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 Cash Surrender Value.

If we do not receive a sufficient premium before the end of the Grace Period, the Policy will terminate without value. We will send you a written notice within 30 days of the beginning of any Grace Period. The notice will state that you have 61 days from the due date of the premium to pay the necessary charges to avoid lapse of the Policy. If the Insured dies during the Grace Period, we will still pay the Life Insurance Proceeds to the Beneficiary. The amount we pay will reflect a reduction for the unpaid monthly deductions due on or before the date of the Insured's death.

Tax Risks

We anticipate that the Policy should generally be deemed a life insurance contract 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.

Depending on the total amount of premiums you pay, the Policy may be treated as a 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.

You should consult a qualified tax adviser for assistance in all Policy-related tax matters. See "Federal Income Tax Considerations" on page 45.

Partial Surrender and Full Surrender Risks

The surrender charge under the Policy applies for the first 14 Policy years (and for a maximum of the first 14 Policy years after any increase in the Policy's Face Amount) in the event you surrender the Policy or decrease the Face Amount. The surrender charge may be considerable. Any Outstanding Loan balance reduces the amount available to you upon a partial or full surrender. It is possible that you will receive no Net 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 Account Value in the near future. We designed the Policy to meet long-term financial goals.

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

9

Policy Loan Risks

A Policy loan, whether or not repaid, will affect Account Value over time because we subtract the amount of the loan from the variable investment options and/or Guaranteed 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 Guaranteed 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 Net Cash Surrender Value to zero.

If you surrender the Policy or allow it to lapse while a Policy loan remains 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 its 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 us at the Administrative Center shown on page 5 of this prospectus.

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

10

TABLES OF CHARGES

The following tables describe the fees and expenses that are payable, when buying, owning and surrendering a Policy. No Policy Owner will be charged more than the amount we show under the "Maximum Guaranteed Charge" columns.

The first table describes the fees and expenses that are payable, at the time that you (1) buy a Policy, (2) surrender a Policy during the first 14 Policy years and the first 14 Policy years following an increase in the Policy's Face Amount, (3) change a Policy's Face Amount, or (4) transfer Account Value between investment options.

<TABLE>
<CAPTION>

Transaction Fees			
Charge	When Charge is Deducted	Maximum Guaranteed Charge	Current Charge
<S> Premium Tax Charge	<C> Upon receipt of each premium payment	<C> 3.5%/1/ of each premium payment	<C> 0%/1/ of each premium payment
DAC Tax Charge	Upon receipt of each premium payment	1%	0%
Premium Expense Charge	Upon receipt of each premium payment	9% of the amount of each premium payment	9% of the amount of each premium payment
Surrender Charge			
Maximum Charge - for a 55 year old male, smoker with a Face Amount of \$100,000 for the first Policy year/2/	Upon a partial surrender or a full surrender of your Policy during the first 14 Policy years and during the first 14 Policy years following an increase in the Policy's Face Amount	\$48 per \$1,000 of Face Amount	\$0 per \$1,000 of Face Amount/2/
Minimum Charge - for a 18 year old female, nonsmoker with a Face Amount of \$100,000 for the first Policy year/2/	Upon a partial surrender or a full surrender of your Policy during the first 14 Policy years and during the first 14 Policy years following an increase in the Policy's Face Amount	\$13 per \$1,000 of Face Amount	\$0 per \$1,000 of Face Amount/2/
Example Charge - for a 45 year old male, non-smoker with a Face Amount of \$100,000 for the first Policy year/2/	Upon a partial surrender or a full surrender of your Policy during the first 14 Policy years and during the first 14 Policy years following an increase in the Policy's Face Amount	\$26 per \$1,000 of Face Amount	\$0 per \$1,000 of Face Amount/2/

</TABLE>

/1/ Premium tax rates vary by state and locality. For example, the highest premium tax rate, 3.5%, is in the state of Nevada, while the lowest premium tax rate, 0.75%, is in the state of Wyoming.

/2/ The Surrender Charge will vary based on the Insured person's sex, age, risk class, Policy year and Face Amount. The Surrender Charges shown in the table may not be typical of the charges you will pay. Page 3B of your Policy will indicate the guaranteed Surrender Charges applicable to your Policy. More detailed information concerning your Surrender Charge is available free of charge on request from our Administrative Center shown on page 5 of this prospectus.

<TABLE>
<CAPTION>

Transaction Fees			
Charge	When Charge is Deducted	Maximum Guaranteed Charge	Current Charge
<S> Partial Surrender Processing Fee	<C> Upon a partial surrender of your Policy	<C> The lesser of \$25 or	<C> \$0

		2% of the amount of the partial surrender	
Transfer Fee	Upon a transfer of Account Value	\$25 for each transfer/1/	\$25 for each transfer/1/
Policy Loan Interest Charge	Annually (on your Policy anniversary)	8.0% of the Outstanding Loan balance	8.0% of the Outstanding Loan balance
Policy Owner Additional Illustration Charge	Upon each request for a Policy illustration after the first in a Policy year	\$25	\$0
Flat Monthly Charge	Monthly, at the beginning of each Policy Month	\$10	\$7
First Year Administrative Charge	Monthly, at the beginning of each Policy month during the first Policy year	\$25	\$0
Face Amount Increase Charge	Monthly, at the beginning of each Policy month for the 12 months immediately following the effective date of the increase	\$25	\$0

</TABLE>

/1/ The first 12 transfers in a Policy year are free of charge.

12

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 (other than Fund fees and expenses)			
Charge	When Charge is Deducted	Maximum Guaranteed Charge	Current Charge
<S> Cost of Insurance Charge/1/	<C>	<C>	<C>
Maximum Charge - for the first Policy year for a 70 year old male, smoker, guaranteed issue with a Face Amount of \$100,000	Monthly, at the beginning of each Policy month	\$4.74911 per \$1,000 of Net Amount at Risk/2/	\$2.3204 per \$1,000 of Net Amount at Risk
Minimum Charge - for the first Policy year for a 18 year old female, nonsmoker, medically underwritten, with a Face Amount of \$100,000	Monthly, at the beginning of each Policy month	\$0.08 per \$1,000 of Net Amount at Risk	\$0.0171 per \$1,000 of Net Amount at Risk
Example Charge - for the first Policy year for a 45 year old male, nonsmoker, medically underwritten with a Face Amount of \$100,000	Monthly, at the beginning of each Policy month	\$0.28758 per \$1,000 of Net Amount at Risk	\$0.0514 per \$1,000 of Net Amount at Risk
Mortality and Expense Risk Charge			
Policy years 1-4/3,4/	Daily	annual effective rate of 1.0%/4/	annual effective rate of 0.65%/4/

</TABLE>

/1/ The Cost of Insurance Charge will vary based on the Insured person's sex, age, rate class, Policy year, and the Face Amount. The Cost of Insurance Charges shown in the table may not be typical of the charges you will pay. Page 3C 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. Also, before you purchase the Policy, we will provide you hypothetical illustrations of Policy values based upon the Insured person's age and rate class, the Death Benefit Option, Face Amount and planned periodic premiums. Please consult your insurance representative or contact AIG Life for information about your Cost of Insurance Charge.

/2/ The Net Amount at Risk is the difference between the current death benefit under your Policy divided by 1.0032737 and your Account Value under the Policy.

/3/ After the 4th Policy year, the maximum Mortality and Expense Charge will be as follows:

Policy years	annual effective	(guaranteed)	and 0.20%	(current)
5-20	rate of 1.00%			
Policy years	annual effective	(guaranteed)	and 0.15%	(current)
21+	rate of 1.00%			

/4/ All percentages are calculated as a percent of Account Value invested in the Variable Account options.

13

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.

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

Charge	Maximum	Minimum
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/	1.81%	0.10%

Details concerning each Fund's specific fees and expenses are contained in the Funds' prospectuses.

/1/Currently 17 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:

Charge	Maximum	Minimum
Total Annual Fund Operating Expenses for all of the Funds After Contractual Reimbursement or Fee Waiver	1.79%	0.10%

14

GENERAL INFORMATION

AIG Life Insurance Company

AIG Life Insurance Company ("AIG Life") is a stock life insurance company initially organized under the laws of Pennsylvania and reorganized under the laws of Delaware. AIG Life's home office address is One ALICO Plaza, 600 King Street, Wilmington, Delaware 19801. AIG Life was incorporated in 1962. AIG Life is a 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 is a marketing name of AIG Life and its affiliates. The commitments under the Policies are AIG

Life's, and AIG has no legal obligation to back those commitments.

AIG Life 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. AIG Life's membership in IMSA applies only to AIG Life and not its products.

The Variable Account

We established the Variable Account as a separate investment account on June 5, 1986. It is used to support the Policy and other variable life insurance policies, and used for other permitted purposes. The Variable Account is registered with the SEC as a unit investment trust under the federal securities laws and qualifies as a "Variable Account" within the meaning of these laws.

We own the assets in the Variable Account. The Variable Account is divided into subaccounts. The Variable Account may include other subaccounts which are not available under the Policy.

The assets in the Variable Account may not be used to pay any liabilities of AIG Life other than those arising from the Policies, and AIG Life 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 of this prospectus describes how you can obtain a copy of the SAI.

Communication with AIG Life

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. For applicants, your AIG Life 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. See AIG Life's addresses under "Contact Information" on page 5 of this prospectus.

Applying for a Policy

To purchase a Policy, you must complete an application and submit it to us. You must specify certain information in the application, including the Face Amount and the Death Benefit Option. We may also require information to determine if the Insured is an acceptable risk to us. We may require a medical examination of the Insured and ask for additional information.

Our age requirement for the Insured. You may apply for a Policy to cover a person who is at least 18 but no more than 70 years of age.

The minimum Face Amount. The Face Amount must be at least \$50,000, for each Insured.

We require a minimum initial premium. We require that you pay a minimum initial premium before we will issue the Policy. You may pay the minimum initial premium when you submit the application or at a later date.

We will not issue a Policy until we have accepted the application. We reserve the right to reject an application for any reason or "rate" an Insured as a substandard risk.

When your coverage will be effective. Your Policy will become effective after:

- . We accept your application;
- . We receive an initial premium payment in an amount we determine; and
- . We have completed our review of your application to our satisfaction.

General. You should mail or express checks for 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 Administrative Center.

You must make the following requests in writing:

- . transfer of Account Value;
- . loan;
- . full surrender;
- . partial surrender;
- . change of Beneficiary or contingent Beneficiary;
- . change of allocation percentages for premium payments;
- . change of allocation percentages for Policy deductions;
- . loan repayments or loan interest payments;
- . change of Death Benefit Option or manner of death benefit payment;
- . change in Face Amount;
- . addition or cancellation of, or other action with respect to, election of a payment option for Policy proceeds; and
- . tax withholding elections.

You should mail or express these requests to the Administrative Center address shown under "Contact Information" on page 5 of this prospectus. You should also communicate notice of the Insured person's death, and related documentation, to our Administrative Center address.

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 or from your AIG Life 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.

Variable Investment Options

We divided the Variable Account into variable investment options, each of which invests in shares of a corresponding Fund. Currently, you may invest premium payments in variable investment options investing in the Funds listed in the following table. The name of each Fund describes its type (for example, money market fund, growth fund, equity fund, etc.) except for the Funds with a footnote 1 next to their names. For these Funds, whose name does not describe its type, we provide the information immediately following the table. Fund sub-advisers are shown in parenthesis.

<TABLE>
<CAPTION>

Variable Investment Options	Investment Adviser (Sub-adviser, if applicable)
<S> AllianceBernstein VPSF Americas Government Income Portfolio - Class A	<C> Alliance Capital Management, L.P.
AllianceBernstein VPSF Growth and Income Portfolio - Class A	Alliance Capital Management, L.P.
AllianceBernstein VPSF Growth Portfolio - Class A	Alliance Capital Management, L.P.
AllianceBernstein VPSF Large Cap Growth Portfolio - Class A	Alliance Capital Management, L.P.
AllianceBernstein VPSF Small Cap Growth Portfolio - Class A/1/	Alliance Capital Management, L.P.
American Century VP Income & Growth Fund	American Century Investment Management, Inc.
American Century VP International Portfolio	American Century Investment Management, Inc.
Credit Suisse Trust Emerging Markets Portfolio	Credit Suisse Asset Management, LLC

Credit Suisse Trust Global Small Cap Portfolio	Credit Suisse Asset Management, LLC
Credit Suisse Trust International Focus Portfolio	Credit Suisse Asset Management, LLC
Credit Suisse Trust Large Cap Value Portfolio	Credit Suisse Asset Management, LLC
Credit Suisse Trust Mid-Cap Growth Portfolio	Credit Suisse Asset Management, LLC
Credit Suisse Trust Small Cap Growth Portfolio	Credit Suisse Asset Management, LLC
Fidelity(R)VIP Balanced Portfolio - Initial Class	Fidelity Management & Research Company (FMR Co., Inc.) (Fidelity International Investment Advisors) (Fidelity International Investment Advisors (U.K.) Limited) (Fidelity Investments Japan Limited) (Fidelity Investments Money Management, Inc.) (Fidelity Management & Research (Far East) Inc.) (Fidelity Management & Research (U.K.) Inc.)
Fidelity(R)VIP Contrafund(R)Portfolio - Initial Class/2/	Fidelity Management & Research Company (FMR Co., Inc.) (Fidelity International Investment Advisors) (Fidelity International Investment Advisors (U.K.) Limited) (Fidelity Investments Japan Limited) (Fidelity Management & Research (Far East) Inc.) (Fidelity Management & Research (U.K.) Inc.)

</TABLE>

17

(Footnotes found on page 18)

<TABLE>
<CAPTION>

Variable Investment Options	Investment Adviser (Sub-adviser, if applicable)
<S>	<C>
Fidelity(R) VIP Index 500 Portfolio - Initial Class	Fidelity Management & Research Company (FMR Co., Inc.) (Geode Capital Management, LLC)
Franklin Templeton VIP Templeton Developing Markets Securities Fund - Class 2	Templeton Asset Management Ltd.
Franklin Templeton VIP Templeton Foreign Securities Fund - Class 2	Templeton Investment Counsel, LLC
Franklin Templeton VIP Templeton Growth Securities Fund - Class 2	Templeton Global Advisors Limited
Goldman Sachs VIT CORE(SM) U.S. Equity Fund	Goldman Sachs Asset Management, L.P.
Goldman Sachs VIT International Equity Fund	Goldman Sachs Asset Management International
JPMorgan ST II Mid Cap Value Portfolio	J.P. Morgan Investment Management Inc.
JPMorgan ST II Small Company Portfolio	J.P. Morgan Investment Management Inc.
Mercury Basic Value V.I. Fund - Class I Shares/3/	Merrill Lynch Investment Managers, L.P., d/b/a Mercury Advisors
Mercury Fundamental Growth V.I. Fund - Class I Shares/4/	Merrill Lynch Investment Managers, L.P., d/b/a Mercury Advisors
Mercury Government Bond V.I. Fund - Class I Shares	Merrill Lynch Investment Managers, L.P., d/b/a Mercury Advisors
Mercury Value Opportunities V.I. Fund - Class I Shares	Merrill Lynch Investment Managers, L.P., d/b/a Mercury Advisors
Neuberger Berman AMT Partners Portfolio/5/	Neuberger Berman Management Inc. (Neuberger Berman, LLC)
PIMCO VIT High Yield Portfolio -	Pacific Investment Management Company LLC

Administrative Class

PIMCO VIT Long-Term U.S. Government Portfolio - Administrative Class	Pacific Investment Management Company LLC
PIMCO VIT Real Return Portfolio - Administrative Class	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
UIF Core Plus Fixed Income Portfolio - Class I Shares	Morgan Stanley Investment Management Inc. d/b/a Van Kampen
UIF Emerging Markets Equity Portfolio - Class I Shares	Morgan Stanley Investment Management Inc. d/b/a Van Kampen
UIF High Yield Portfolio - Class I Shares	Morgan Stanley Investment Management Inc. d/b/a Van Kampen
UIF Mid Cap Growth Portfolio - Class I Shares	Morgan Stanley Investment Management Inc. d/b/a Van Kampen
UIF Money Market Portfolio - Class I Shares	Morgan Stanley Investment Management Inc. d/b/a Van Kampen
UIF Technology Portfolio - Class I Shares	Morgan Stanley Investment Management Inc. d/b/a Van Kampen
UIF U.S. Mid Cap Value Portfolio - Class I Shares	Morgan Stanley Investment Management Inc. d/b/a Van Kampen
VALIC Co. I International Equities Fund	VALIC* (AIG Global Investment Corp.)
VALIC Co. I Mid Cap Index Fund	VALIC* (AIG Global Investment Corp.)
VALIC Co. I Small Cap Index Fund	VALIC* (AIG Global Investment Corp.)
Vanguard(R) VIF Total Bond Market Index Portfolio	The Vanguard Group
Vanguard(R) VIF Total Stock Market Index Portfolio	The Vanguard Group

</TABLE>

- /1/ The Fund type for AllianceBernstein VPSF Small Cap Growth Portfolio - Class A is growth equity.
- /2/ The Fund type for Fidelity(R) VIP Contrafund(R) Portfolio - Initial Class is capital appreciation.
- /3/ The Fund type for Mercury Basic Value V.I. Fund - Class I Shares is large cap value.
- /4/ The Fund type for Mercury Fundamental Growth V.I. Fund - Class I Shares is large cap growth.
- /5/ The Fund type for Neuberger Berman AMT Partners Portfolio is mid to large cap value.

* "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 37.

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.

Guaranteed Investment Option

Under the Policy, you may currently allocate your Account Value to the Guaranteed Account. In addition, if you request a loan, we will allocate part of your Account Value to the Loan Account which is part of the Guaranteed Account.

We may treat each allocation and transfer separately for purposes of crediting interest and making deductions from the Guaranteed Account.

All of your Account Value held in the Guaranteed Account will earn interest at a rate we determine in our sole discretion. This rate will never be less than 4% per year compounded annually. The Loan Account portion of your Account Value may earn a different interest rate than the remaining portion of your Account Value in the Guaranteed Account.

We will deduct any transfers, partial surrenders or any Policy expenses from the Guaranteed Account and your variable investment options on a pro rata basis, unless you provide other directions. No portion of the Loan Account may be used for this purpose.

If we must pay any part of the proceeds for a loan, partial surrender or full surrender from the Guaranteed Account, we may defer the payment for up to six months from the date we receive the written request. If we defer payment from the Guaranteed Account for 30 days or more, we will pay interest on the amount we deferred at a rate of 4% per year, compounded annually, until we make payment.

Guaranteed Account Value

On any Valuation Date, the Guaranteed Account portion of your Policy Account Value equals:

- . the total of all Net Premium, allocated to the Guaranteed Account, plus
- . any amounts transferred to the Guaranteed Account, plus

19

- . interest credited on the amounts allocated and transferred to the Guaranteed Account, less
- . the amount of any transfers from the Guaranteed Account, less
- . the amount of any partial surrender, including the partial surrender charges, taken from the Guaranteed Account, less
- . the allocated portion of the monthly deduction deducted from the Guaranteed Account, plus
- . the amount of the Loan Account.

If you take a loan, we transfer the amount of the loan to the Loan Account held in the Guaranteed Account. The value of your Loan Account includes transfers to and from the Loan Account as you take and repay loans and interest credited on the Loan Account.

Voting Privileges

We are the legal owner of the Funds' shares held in the Variable 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 Account 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 Variable 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. AIG Life reserves the right to modify these procedures in any manner that the laws in effect from time to time allow.

Illustrations

We may provide you with illustrations for your Policy's death benefit, Account Value, and Net 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 Account 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.

20

Before you purchase the Policy, we will provide you with what we refer to as a personalized illustration. A personalized illustration shows future benefits under the Policy based upon (1) the proposed Insured person's age and rate class and (2) your selection of a Death Benefit Option, Face Amount, planned periodic premiums and proposed investment options.

After you purchase the Policy and upon your request, we will provide a similar personalized illustration that takes into account your Policy's actual values and features as of the date the illustration is prepared. We reserve the right to charge a \$25 fee for personalized illustrations prepared after the Policy is issued if you request us to do so more than once each year.

POLICY FEATURES

Death Benefits

Your Face Amount of insurance. In your application to buy a Executive Advantage Policy, you tell us how much life insurance coverage you want. We call this the "Face Amount" of insurance.

Investment performance affects the amount of your Policy's Account Value. We deduct all charges from your Account Value. The amount of the monthly charges may differ from month to month. However, as long as all applicable charges are paid timely each month, the Face Amount of insurance payable under your Policy is unaffected by investment performance. See "Monthly Deduction From Account Value" on page 38.

Your death benefit. You must choose one of the two Death Benefit Options at the time we issue your Policy.

- . Level Death Benefit Option or
- . Increasing Death Benefit Option.

For the Level Death Benefit Option, the death benefit will be the greater of:

- . Face Amount; or
- . Account Value on the date of death multiplied by the appropriate minimum death benefit factor.

You should consider this Death Benefit Option if you want to minimize your cost of insurance.

For the Increasing Death Benefit Option, the death benefit will be the greater of:

- . Face Amount plus the Account Value; or
- . Account Value on the date of death multiplied by the appropriate minimum death benefit factor.

You should consider this Death Benefit Option if you want your death benefit to increase with your Account Value.

21

Life Insurance Proceeds. During the Policy term, we will pay the Life Insurance Proceeds to the Beneficiary after the Insured's death. To make payment, we must receive at our Administrative Center:

- . satisfactory proof of the Insured's death; and
- . the Policy.

Payment of Life Insurance Proceeds. We will pay the Life Insurance Proceeds generally within seven days after we receive the information we require. We will pay the Life Insurance Proceeds to the Beneficiary in one lump sum or, if elected, under a payment option. Payment of the Life Insurance Proceeds may also be affected by other provisions of the Policy.

We will pay interest on the Life Insurance Proceeds from the date of the Insured's death to the date of payment as required by applicable state law.

Amount of Life Insurance Proceeds. We will determine the Life Insurance Proceeds as of the date of the Insured's death. The Life Insurance Proceeds will equal:

- . the amount of the death benefit determined according to the Death Benefit Option selected; minus
- . the Outstanding Loan, if any, and accrued loan interest; minus
- . any overdue monthly deductions if the Insured dies during a Grace Period.

Tax Qualification Options

Section 7702 of the Code provides alternative testing procedures for meeting the definition of life insurance. Each Policy must qualify under one of these two tests and you may select the test we use for ensuring your Policy meets the definition of life insurance.

Under both tests under Section 7702, there is a minimum death benefit required at all times. This is equal to the Account Value multiplied by the appropriate minimum death benefit factor. These factors depend on the tax qualification option and may be based on the Attained Age, sex and rate class of the Insured. A table of the applicable factors is located in the Policy.

The two tax qualification options are:

- . Guideline Premium/Cash Value Corridor Test.
- . 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.

22

Changes in Death Benefit Options

If you have selected the Level Death Benefit Option you may change to the Increasing Death Benefit Option. You may also change from the Increasing Death Benefit Option to the Level Death Benefit Option.

How to request a change. You may change your Death Benefit Option by providing your agent with a written request or by writing us at our Administrative Center. We may require that you submit satisfactory evidence of insurability to us.

If you request a change from the Level Death Benefit Option to the Increasing Death Benefit Option, we will decrease the Face Amount by an amount equal to your Account Value on the date the change takes effect. However, we reserve the right to decline to make such a change if it would reduce the Face Amount below the minimum Face Amount.

If you request a change from the Increasing Death Benefit Option to the Level Death Benefit Option, we will increase the Face Amount by an amount equal to your Account Value on the date the change takes effect. Such decreases and increases in the Face Amount are made so that the Life Insurance Proceeds remain the same on the date the change takes effect.

Once approved, we will issue new Policy information pages and attach a copy of your application for change. We reserve the right to decline to make any changes that we determine would cause the Policy to fail to qualify as life insurance under our interpretation of the Code.

The change will take effect on the next Monthly Anniversary that coincides with or next follows the date we approve your request.

Tax consequences of changes in insurance coverage. Please read "Federal Income Tax Considerations" starting on page 45 of this prospectus to learn about possible tax consequences of changing your insurance coverage under your Policy.

Premium Payments

The Policy allows you to select the timing and amount of premium payments within limits. Send premium payments to our Administrative Center.

Restrictions on Premium. We may not accept any premium payment:

- . If it is less than \$50;
- . If the premium would cause the Policy to fail to qualify as a life insurance contract as defined in Section 7702 of the Code, we will refund any portion of any premium that causes the Policy to fail. In addition, we will monitor the Policy and will attempt to notify you on a timely basis if your Policy is in jeopardy of becoming a modified endowment contract under the Code; or
- . If the premium would increase the amount of our risk under your Policy by an amount greater than that premium amount. In such cases, we may require satisfactory evidence of insurability before accepting that premium.

23

Minimum Initial Premium. We will calculate the minimum initial premium. The amount is based on a number of factors, including the age, sex, and underwriting class of the proposed Insured and the desired Face Amount.

Planned Periodic Premium. When you apply for a Policy, you select a plan for paying annual level premiums. We will establish a minimum amount that may be used as the planned periodic premium. We may recalculate this minimum amount if the Face Amount of the Policy is increased or decreased.

You are not required to pay premiums in accordance with this plan. Rather, you can pay more or less than the planned periodic premium or skip a planned periodic premium entirely.

At any time you can change the amount and frequency of the planned periodic premium by sending a written notice to our Administrative Center.

Additional Premium. Additional premiums are premiums other than planned premiums. Additional premiums may be paid in any amount and at any time subject to the Code.

Depending on the Account Value at the time of an increase in the Face Amount and the amount of the increase requested, an additional premium may be needed to prevent your Policy from terminating.

Effect of Premium Payments. In general, paying all planned periodic

premiums may not prevent your Policy from lapsing. In addition, if you fail to pay any planned periodic premium, your Policy will not necessarily lapse.

Your Policy will lapse only when the Net Cash Surrender Value on a Monthly Anniversary is less than the amount of that date's monthly deduction. This could happen if the Net Cash Surrender Value has decreased because:

- . of the negative return or insufficient return earned by one or more of the subaccounts you selected; or
- . of any combination of the following -- you have Outstanding Loans, you have taken partial surrenders, we have deducted Policy expenses, or you have made insufficient premium payments to offset the monthly deduction.

Grace Period. In order for insurance coverage to remain in force, the Net Cash Surrender Value on each Monthly Anniversary must be equal to or greater than the total monthly deductions for that Monthly Anniversary. If it is not, you have a Grace Period of 61 days during which the Policy will continue in force. The Grace Period begins on the Monthly Anniversary that the Net Cash Surrender Value is less than the total monthly deductions then due. If we do not receive a sufficient premium before the end of the Grace Period, the Policy will terminate without value.

We will send you a written notice within 30 days of the beginning of any Grace Period. The notice will state that a Grace Period of 61 days has begun.

24

The amount of premium required to prevent your Policy from terminating is equal to the amount needed to increase the Net Cash Surrender Value sufficiently to cover total monthly deductions for the next three (3) Monthly Anniversaries.

If the Insured dies during the Grace Period, we will still pay the Life Insurance Proceeds to the Beneficiary. The amount we pay will reflect a reduction for the unpaid monthly deductions due on or before the date of the Insured's death.

If your Policy lapses with an Outstanding Loan you may have taxable income.

Premium Allocations. In the application, you specify the percentage of Net Premium to be allocated to each subaccount and Guaranteed Account. However, until the period to examine and cancel expires, we invest this amount in the Money Market subaccount. On the first business day after the period expires, we will reallocate your Account Value based on the premium allocation percentages in your application.

For all subsequent premiums, we will use the allocation percentages you specified in the application until you change them. You can change the allocation percentages at any time by sending written notice to our Administrative Center. The change will apply to all premium received with or after your notice.

Allocation Rules. Your allocation instructions must meet the following requirements:

- . Each allocation percentage must be a whole number;
- . Any allocation to a subaccount must be at least 5%; and
- . the sum of your allocations must equal 100%.

Crediting Premium. Your initial Net Premium will be credited to your Account Value as of the Policy Date. We will credit and invest subsequent Net Premiums on the date we receive the premium or notice of deposit at our Administrative Center. We will process premiums at the price next computed after receipt of premium. Premiums received by 4:00 p.m., Eastern Time, on a Valuation Date will be processed as of that day. Premiums received after 4:00 p.m., Eastern Time, on a Valuation Date will be processed as of the next Valuation Date.

If any premium requires us to accept additional risk, we will allocate this amount to the Money Market subaccount until we complete our underwriting. When accepted, and at the end of the period to examine and cancel the Policy, we will allocate it in accordance with your allocation percentages.

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%.

The Policy allows you to choose how to invest your Account Value. Your Account Value will increase or decrease based on:

- . The returns earned by the subaccounts you select.

25

- . Interest credited on amounts allocated to the Guaranteed Account.

We will determine your Policy benefits based upon your Account Value. If your Account Value is insufficient, your Policy may terminate. If the Net Cash Surrender Value on a Monthly Anniversary is less than the amount of that date's monthly deduction, the Policy will be in default and a Grace Period will begin.

Determining the Account Value

On the Policy Date, your Account Value is equal to your initial Net Premium. If the Policy Date and the Issue Date are the same day, the Account Value is equal to your initial premium, less the premium expenses and monthly deduction.

On each Valuation Date thereafter, your Account Value is equal to:

- . Your Account Value held in the subaccounts; and
- . Your Account Value held in the Guaranteed Account.

Your Account Value will reflect:

- . the premiums you pay; and,
- . the returns earned by the subaccounts you select; and,
- . the interest credited on amounts allocated to the Guaranteed Account; and,
- . any loans or partial surrender; and,
- . the Policy expenses we deduct.

Account Value in the Subaccounts

We measure your Account Value in the subaccounts by the value of the subaccounts' accumulation units we credit to your Policy. When you allocate premiums or transfer part of your Account Value to a subaccount, we credit your Policy with accumulation units in that subaccount. The number of accumulation units equals the amount allocated to the subaccount divided by that subaccount's accumulation unit value for the Valuation Date when the allocation is effected.

The number of subaccount accumulation units we credit to your Policy will:

- . increase when Net Premium is allocated to the subaccount, amounts are transferred to the subaccount and loan repayments are credited to the subaccount.
- . decrease when the allocated portion of the monthly deduction is taken from the subaccount, a loan is taken from the subaccount, an amount is transferred from the subaccount, or a partial surrender, including the partial surrender charges, is taken from the subaccount.

26

Accumulation Unit Values. A subaccount's accumulation unit value varies to reflect the return of the portfolio and may increase or decrease from one Valuation Date to the next. We arbitrarily set the accumulation unit value for each subaccount at \$10 when the subaccount was established. Thereafter, the accumulation unit value equals the accumulation unit value for the prior Valuation Period multiplied by the Net Investment Factor for the current Valuation Period.

Net Investment Factor. The net investment factor is an index we use to measure the investment return earned by a subaccount during a Valuation Period.

It is based on the change in net asset value of the portfolio shares held by the subaccount, and reflects any dividend or capital gain distributions on the portfolio shares and may include the deduction of the daily mortality and expense risk charge.

Guaranteed Account Value. On any Valuation Date, the Guaranteed Account portion of your Policy Account Value equals:

- . the total of all Net Premium, allocated to the Guaranteed Account, plus
- . any amounts transferred to the Guaranteed Account, plus
- . interest credited on the amounts allocated and transferred to the Guaranteed Account, less
- . the amount of any transfers from the Guaranteed Account, less
- . the amount of any partial surrender, including the partial surrender charges, taken from the Guaranteed Account, less
- . the allocated portion of the monthly deduction deducted from the Guaranteed Account, plus
- . the amount of the Loan Account.

If you take a loan, we transfer the amount of the loan to the Loan Account held in the Guaranteed Account. The value of your Loan Account includes transfers to and from the Loan Account as you take and repay loans and interest credited on the Loan Account.

Net Account Value. The net Account Value on a Valuation Date is the Account Value less Outstanding Loans on that date.

Cash Surrender Value. The Cash Surrender Value on a Valuation Date is the Account Value reduced by any surrender charge that would be assessed if you surrendered the Policy on that date.

Net Cash Surrender Value. The Net Cash Surrender Value on a Valuation Date is the amount you would receive on a surrender of your Policy and is equal to:

- . the Cash Surrender Value, less
- . the Outstanding Loan on that date.

Transfers

You may transfer Account Value among the subaccounts and to the Guaranteed Account after the period to examine and cancel. All transfer requests, except for those made under the dollar cost averaging program, must satisfy the following requirements:

- . Minimum amount of transfer -- You must transfer at least \$250 or, the balance in the subaccount or the Guaranteed Account, if less;
- . Form of transfer request -- You must make a written request unless you have established prior authorization to make transfers by other means we make available;
- . Transfers from the Guaranteed Account -- The maximum you may transfer in a Policy year is equal to 25% of your Account Value in the Guaranteed Account (not including the Loan Account) as of the date the transfer takes effect.

Date We Process Your Transfer Request. We must receive your transfer request at our Administrative Center. We process transfers at the price next computed after we receive your transfer request. Transfer requests received by 4:00 p.m., Eastern Time, on a Valuation Date will be processed as of that day. Transfer requests received after 4:00 p.m., Eastern Time, on a Valuation Date will be processed as of the next Valuation Date.

Number of Permitted Transfers/Transfer Charge. We do not currently limit the number of transfers you may make. However, for each transfer in excess of 12 during a Policy year, we will charge you \$25 for each additional transfer. All transfers processed on the same business day will count as one transfer for purposes of determining the number of transfers you have made in a Policy year.

Transfers in connection with the dollar cost averaging program will not count against the 12 free transfers in any Policy year. We reserve the right to increase or decrease the number of free transfers allowed in any Policy year.

Dollar Cost Averaging

Dollar cost averaging is a systematic method of investing at regular intervals. By investing at regular intervals, the cost of the securities is averaged over time and perhaps over various market cycles.

If you choose this program, we will make automatic monthly transfers of your Account Value from the Money Market subaccount into other subaccounts for a specified dollar amount or a specified number of months (not exceeding twenty-four months). Unless you tell us otherwise, we will allocate the transfer as you have specified in your most current premium allocation instructions. However, no less than 5% may be allocated to any one subaccount. You must have \$2,000 in the Money Market subaccount to elect dollar cost averaging. We will apply any additional premium payments you make after electing this program to the Money Market subaccount for purposes of dollar cost averaging your investment. You may maintain only one dollar cost averaging instruction with us at a time.

There is currently no charge for this program. Transfers in connection with dollar cost averaging will not count against your free transfers in a Policy year. We reserve the right to suspend or modify this program at any time.

28

Processing your automatic dollar cost averaging transfers. We will begin to process your automatic transfers:

- . On the first Monthly Anniversary following the end of the period to examine and cancel if you request dollar cost averaging when you apply for your Policy.
- . On the second Monthly Anniversary following receipt of your request at our Administrative Center if you elect the program after you apply for the Policy.

We will stop processing automatic transfers if:

- . The funds in the Money Market subaccount have been depleted;
- . We receive your written request at our Administrative Center to cancel future transfers;
- . We receive notification of death of the Insured; or
- . Your Policy goes into the Grace Period.

Dollar cost averaging may lessen the impact of market fluctuations on your investment. Using dollar cost averaging does not guarantee investment gains or protect against loss in a declining market.

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
- . exchanges into or out of the same variable investment option 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,

29

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 Face Amount of Insurance

Changes in Face Amount. At any time after the first Policy anniversary while your Policy is in force you may request a change in the Face Amount. We will not make a change in Face Amount that causes your Policy to fail to qualify as life insurance under the Code.

Increases in Face Amount. Any request for an increase:

- . Must be for at least \$10,000;
- . May not be requested in the same Policy year as another request for an increase; and
- . May not be requested after the Insured is Attained Age 65.

A written application must be submitted to our Administrative Center along with satisfactory evidence of insurability. You must return the Policy so we can amend it to reflect the increase. The increase in Face Amount will become effective on the Monthly Anniversary on or next following the date the increase is approved, and the Account Value will be adjusted to the extent necessary to reflect a monthly deduction as of the effective date based on the increase in Face Amount. Increasing the Face Amount may increase the amount of premium you would need to pay to avoid a lapse of your Policy.

Decreases in Face Amount. Any request for a decrease:

- . Must be at least \$5,000;
- . Must not cause the Face Amount after the decrease to be less than the minimum Face Amount at which we would issue a Policy; and
- . During the first five Policy years, the Face Amount may not be decreased by more than 10% of the initial Face Amount. If the Face Amount is decreased during the first 14 Policy years or within 14 Policy years of an increase in Face Amount, a surrender charge may be applicable.

30

Consequences of a Change in Face Amount. Both increases and decreases in Face Amount may impact the surrender charge. In addition, an increase or decrease in Face Amount may impact the status of the Policy as a modified endowment contract.

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 4:00 p.m. Eastern 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.

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

Monthly deduction days. Each charge that we deduct monthly is assessed against your Account Value at the close of business on the Issue Date 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 Account Value resulting from your initial premium payment on the later of (a) the Issue Date, or (b) the date all requirements needed to place the Policy in force have been satisfied, including underwriting approval and receipt of the necessary premium. In the case of a back-dated Policy, we do not credit an

investment return to the Account 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 you request in the Face 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 on or next following our approval of the transaction;
- . 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 on page 7 of this prospectus, your coverage will end when you deliver it to your AIG Life 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 change requested so long as your Policy is in force and the amount paid will not cause you to exceed premium limitations under 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

You will receive a confirmation within seven days of the transaction of:

- . the receipt of any premium;
- . any change of allocation of premiums;
- . any transfer between subaccounts;
- . any loan, interest repayment, or loan repayment;
- . any partial surrender;
- . any return of premium necessary to comply with applicable maximum receipt of any premium payment;
- . any exercise of your right to cancel;

32

- . an exchange of the Policy;
- . full surrender of the Policy.

Within 30 days after each Policy anniversary we will send you an annual statement. The statement will show the Life Insurance Proceeds currently payable, and the current Account Value, Cash Surrender Value, and the Outstanding Loan. The statement will also show premiums paid, all charges deducted during the Policy year, and all transactions. We will also send to you annual and semi-annual reports of the Variable Account.

POLICY TRANSACTIONS

The transactions we describe below may have different effects on the Account Value, death benefit, Face Amount or cost of insurance. You should consider the net effects before requesting a Policy transactions. See "Policy Features," on page 21. Certain transactions also entail charges. For information regarding other charges, see "Charges Under the Policy" on page 37.

Withdrawing Policy Investments

Full surrender. You may at any time surrender your Policy in full. If you do, we will pay you the Account Value, less any Policy loans, plus any unearned loan interest, and less any surrender charge that then applies. We call this amount your "Net Cash Surrender Value." Because of the surrender charge, it is unlikely that a Executive Advantage Policy will have any Net Cash Surrender Value during at least the first year. A full surrender may have adverse tax consequences.

Partial surrender. You may, at any time after the first Policy year, make a partial surrender of your Policy's Net Cash Surrender Value. A partial surrender must be at least \$500. We will automatically reduce your Policy's Account Value by the amount of your withdrawal and any related charge. A partial surrender may have adverse tax consequences.

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 Account Value you then have in each investment option.

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 \$0.

Loans. You may request a loan against your Policy at any time after the first Policy year while the Policy has a Net Cash Surrender Value. We limit the minimum and maximum amount of loan you may take. If we issued the Policy under a corporate owned arrangement, unless we agree otherwise, a loan will be applied pro rata over all Insureds under the Policy.

You must submit a written request for a loan to the Administrative Center. Loans will be processed as of the date we receive the request at our Administrative Center. Loan proceeds generally will be sent to you within seven days.

Maximum Loan Amount. After the first Policy year the maximum loan amount is 90% of your Net Cash Surrender Value.

33

Interest. We charge interest daily on any Outstanding Loan at a declared annual rate not in excess of 8%. The maximum net cost (the difference between the rate of interest we charge on loans and the amount we credit on the equivalent amount held in the Loan Account) of a loan is 2% per year. Interest is due and payable at the end of each Policy year while a loan is outstanding. If interest is not paid when due, the amount of the interest is added to the loan and becomes part of the Outstanding Loan.

Loan Account. You may direct us to take an amount equal to the loan proceeds and any amount attributed to unpaid interest from any subaccount or from the Guaranteed Account. Otherwise, we will withdraw this amount from each subaccount on a pro rata basis. We transfer this amount to the Loan Account in the Guaranteed Account.

When a loan is repaid, an amount equal to the repayment will be transferred from the Loan Account to the subaccounts and Guaranteed Account in accordance with your allocation percentages in effect at the time of repayment.

Effect of a Loan. A loan, whether or not repaid, will have a permanent effect on the Life Insurance Proceeds and Account Value because the investment results of the subaccounts and current interest rates credited in the Guaranteed Account will apply only to the non-loaned portion of the Account Value. The longer the loan is outstanding, the greater this effect is likely to be. Depending on the investment results of the subaccounts or credited interest rates for the Guaranteed Account while the loan is outstanding, the effect could be favorable or unfavorable.

In addition, loans from modified endowment contracts may be treated for tax purposes as distributions of income.

If the Life Insurance Proceeds become payable while a loan is outstanding, the Outstanding Loan will be deducted in calculating the Life Insurance Proceeds.

If the Outstanding Loan exceeds the Cash Surrender Value on any Monthly Anniversary, the Policy will be in default. We will send you, and any assignee of record, notice of the default. You will have a 61-day Grace Period to submit a sufficient payment to avoid termination. The notice will specify the amount that must be repaid to prevent termination.

Outstanding Loan. The Outstanding Loan on a Valuation Date equals:

- . All loans that have not been repaid (including past due unpaid interest added to the loan), plus
- . accrued interest not yet due.

Loan Repayment. You may repay all or part of your Outstanding Loan at any time while the Insured is living and the Policy is in force. Loan repayments must be sent to our Administrative Center and will be credited as of the date received.

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 Net Cash Surrender Value of the Policy, and the Policy will end.

Tax considerations

Please refer to "Federal Income Tax Considerations" on page 45 for information about the possible 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 Policy offers a wide variety of optional ways of receiving proceeds payable under the Policy, such as on a surrender or death, other than in a lump sum. Any agent authorized to sell this Policy can explain these options upon request.

Change of payment option. You 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.

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. 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, Net 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 of Guaranteed Account option proceeds. We have the right, however, to defer payment or transfers of amounts out of our Guaranteed Account option for up to six months. We will allow interest, at a rate of at least 4% a year, on any Net Cash Surrender Value payment derived from Our Guaranteed Account that We defer for 10 days or more after We receive a request for it.

Delay for check clearance. We reserve the right to defer payment of that portion of your Account 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 Variable Account 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 Account Value that is allocated to the Variable Account, 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 Account Value is not reasonably practicable; or
- . the SEC by order so permits for the protection of investors.

Transfers and allocations of Account Value among the investment options may also be postponed under these circumstances. If we need to defer calculation of Variable Account 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 Face 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.

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 Account Value for that option to below \$500;
- . transfer the entire balance in proportion to any other investment options you then are using, if the Account Value in an investment option is below \$500 for any other reason;
- . 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 required regulatory approvals;
- . operate Variable Account under the direction of a committee or discharge such a committee at any time;
- . operate Variable Account, or one or more investment options, in any other form the law allows, including a form that allows us to make direct investments. Variable Account 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 Net Cash Surrender Value, death benefit, Account Value, or other accrued rights or benefits.

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.

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, SEC and regulatory approvals.

CHARGES UNDER THE POLICY

Periodically, we will deduct expenses related to your Policy. We will deduct these:

- . from premium, Account Value and from subaccount assets; and
- . upon certain transactions.

37

The amount of these expenses are described in your Policy as either guaranteed or current. We will never charge more than the guaranteed amount. We may in our discretion deduct on a current basis less than the guaranteed amount.

Deductions From Premium

We may deduct a sales charge from each premium to cover costs associated with the issuance of the Policy as well as administrative services we perform. This charge will never exceed 9% of the premium.

The sales charge partially compensates us for the expense of selling and distributing the Policy, printing prospectuses, preparing sales literature and paying for other promotional activities. Some of these expenses or other administrative expenses may be assumed by an employer or group sponsor under some employer-owned, trust-owned, or sponsored arrangements. If so, in our sole discretion, we may offer the Policy with no sales charge or a reduced sales charge.

We may deduct a charge for taxes as an explicit percentage of premium based upon state and local tax rates within the Insured's state of residence. We may also deduct a charge for federal deferred acquisition cost ("DAC") taxes as an explicit percentage of premium at a rate not to exceed 1% of premium.

In place of the lump sum deductions described above for sales charges and taxes, we may offer optional methods of payment at the time you apply for a Policy.

Monthly Deduction From Account Value. On the Policy Date and each Monthly Anniversary thereafter, we make a deduction from the Account Value. The amount deducted on the Issue Date is for the Policy Date and any Monthly Anniversaries that have elapsed since the Policy Date. For this purpose, the Policy Date is treated as a Monthly Anniversary.

We will deduct charges on each Monthly Anniversary for:

- . The administration of your Policy.
- . The cost of insurance for your Policy.
- . The cost associated with mortality and expense risks.

Administrative Charge. This charge compensates us for administrative expenses associated with the Policy. These expenses relate to premium billing and collection, record keeping, processing claims, loans, Policy changes, reporting and overhead costs, processing applications, establishing Policy records, and sending regulatory mailings and responding to Policy owners' requests. This charge will be no more than \$10 per month for all Policy years. We may reduce this charge. The current charge is \$7.00 per month. There may be an additional monthly administrative charge during the first Policy year and the 12 months after an increase in Face Amount per Insured. This additional charge will not exceed \$25 a month per Insured.

Cost of Insurance Charge. This charge compensates us for providing insurance coverage. The charge depends on a number of factors, such as Attained Age, sex and rate class of the Insured, and therefore will vary from Policy to Policy and from month to month. For any Policy the cost of insurance

on a Monthly Anniversary is calculated by multiplying the cost of insurance rate for the Insured by the Net Amount at Risk under the Policy on that Monthly Anniversary.

Net Amount at Risk

The Net Amount at Risk is calculated as (a) minus (b) where:

- a. is the current death benefit at the beginning of the Policy month divided by 1.0032737; and
- b. is the current total Account Value.

However, if the death benefit is a percentage of the Account Value of the Policy, then the Net Amount at Risk is the death benefit minus the amount in the Account Value of the Policy at that time.

Rate Classes for Insureds. We currently rate Insureds in one of following basic rate classifications based on our underwriting:

- . nonsmoker;
- . smoker;
- . substandard for those involving a higher mortality risk
- . Unismoke/Unisex

At our discretion we may offer this Policy on a guaranteed issue basis.

We place the Insured in a rate class when we issue the Policy based on our underwriting determination. This original rate class applies to the initial Face Amount. When an increase in Face Amount is requested, we conduct underwriting before approving the increase (except as noted below) to determine whether a different rate class will apply to the increase. If the rate class for the increase has a lower guaranteed cost of insurance rates than the original rate class, the rate class for the increase also will be applied to the initial Face Amount. If the rate class for the increase has a higher guaranteed cost of insurance rates than the original rate class, the rate class for the increase will apply only to the increase in Face Amount, and the original rate class will continue to apply to the initial Face Amount.

If there have been increases in the Face Amount, we may use different cost of insurance rates for the increased portions of the Face Amount. For purposes of calculating the cost of insurance charge after the Face Amount has been increased, the Account Value will be applied to the initial Face Amount first and then to any subsequent increases in Face Amount. If at the time an increase is requested, the Account Value exceeds the initial Face Amount (or any subsequently increased Face Amount) divided by 1.0032737, the excess will then be applied to the subsequent increase in Face Amount in the sequence of the increases.

In order to maintain the Policy in compliance with Section 7702 of the Code, under certain circumstances an increase in Account Value will cause an automatic increase in the Life Insurance Proceeds. The Attained Age and rate class for such increase will be the same as that used for the most

recent increase in Face Amount (that has not been eliminated through a subsequent decrease in Face Amount).

The guaranteed cost of insurance charges at any given time for a substandard Policy with flat extra charges will be based on the guaranteed maximum cost of insurance rate for the Policy (including table rating multiples, if applicable), the current Net Amount at Risk at the time the deduction is made, plus the actual dollar amount of the flat extra charge.

Our current cost of insurance rates may be less than the guaranteed rates. Our current cost of insurance rates will be determined based on our expectations as to future mortality and persistency experience. These rates may change from time to time. In our discretion, the current charge may be increased in any amount up to the maximum guaranteed charge shown in the table.

Cost of insurance rates (whether guaranteed or current) for an Insured in a nonsmoker rate class are generally lower than rates for an Insured of the same age and sex in a smoker rate class. Cost of insurance rates (whether guaranteed or current) for an Insured in a nonsmoker or smoker rate class are generally lower than rates for an Insured of the same age and sex and smoking status in a substandard rate class.

Legal Considerations Relating to Sex-Distinct Premiums and Benefits

Mortality tables for the Policy generally distinguish between males and females. Thus, premiums and benefits under the Policy covering males and females of the same age will generally differ.

We do, however, also offer the Policy based on unisex mortality tables if required by state law. Employers and employee organizations considering purchase of a Policy should consult their legal advisers to determine whether purchase of a Policy based on sex-distinct actuarial tables is consistent with Title VII of the Civil Rights Act of 1964 or other applicable law. Upon request, we may offer the Policy with unisex mortality tables to such prospective purchasers.

Deduction From Variable Account Assets

Mortality and Expense Risk Charge. We deduct a mortality and expense risk fee from your Account Value in the subaccounts for assuming certain mortality and expense risks under the Policy. This charge does not apply to the amounts you allocate to the Guaranteed Account. The current charge is at an annual effective rate of 0.65% of net assets for Policy years one through four, 0.20% for years five through twenty, and 0.15% thereafter. The guaranteed charge is at an annual effective rate of 1.00% of Variable Account assets. Although, we may increase or decrease the charge at our sole discretion, it is guaranteed not to exceed an annual effective rate of 1.00% of your Account Value in the subaccounts for the duration of your Policy.

The mortality risk we assume is that the Insured under a Policy may die sooner than anticipated, and therefore we will pay an aggregate amount of Life Insurance Proceeds greater than anticipated. The expense risk we assume is that expenses incurred in issuing and administering all policies and the Variable Account will exceed the amounts realized from the administrative charges assessed against all policies. AIG Life receives this charge to pay for these mortality and expense risks.

Deductions Upon Policy Transactions

Transfer Charge. We will charge a \$25 transfer charge on any transfer of Account Value among the subaccounts and the Guaranteed Account in excess of the 12 free transfers permitted each Policy year. If the charge is imposed, we will deduct it from the amount requested to be transferred before allocation to the new subaccount(s) and shown in the confirmation of the transaction. AIG Life receives this charge to help pay for the expense of making the requested transfer.

Surrender Charge. If the Policy is surrendered or there is a decrease in Face Amount during the first 14 Policy years, we may deduct a surrender charge based on the initial Face Amount. If a Policy is surrendered or there is a decrease in Face Amount within 14 years after an increase in Face Amount, we will deduct a surrender charge based on the increase in Face Amount. The surrender charge will be deducted before any surrender proceeds are paid. AIG Life receives this charge to help recover sales expenses.

Surrender Charge Calculation. In general, the surrender charge is based on the premiums you pay. The Surrender Charge will be no greater than the product of (1) times (2) times (3) where:

1. is equal to the Face Amount divided by \$1,000;
2. is equal to a surrender charge factor per \$1,000 based on the Insured's age, sex and underwriting class; and
3. is a factor based on the Policy year when the surrender occurs as described in the following table:

Policy Year	Factor
-----	-----
1	100%

2	100%
3	100%
4	100%
5	100%
6	90%
7	80%
8	70%
9	60%
10	50%
11	40%
12	30%
13	20%
14	10%
15+	0%

A table of the maximum initial surrender charge factors per \$1,000 of Face Amount is shown in Appendix A. We reserve the right to charge less than the maximum amount, no amount at all, or even a negative amount which would have the effect of increasing the Policy's Cash Surrender Value.

Surrender Charge Based On An Increase Or Decrease In Face Amount. An increase in Face Amount of the Policy may result in an additional surrender charge during the 14 Policy years immediately following the increase. The additional surrender charge period will begin on the effective date of the increase. If the Face Amount of the Policy is reduced before the end of the 14th Policy year or within 14 years immediately following a Face Amount increase, we may also deduct a pro rata share of any applicable surrender charge from your Account Value. Reductions will first be applied against the most recent increase in the Face Amount of the Policy. They will then be applied to prior increases in Face Amount of the Policy in the reverse order in which such increases took place, and then to the initial Face Amount of the Policy.

Partial Surrender Charge. We may deduct a partial surrender charge:

- . upon a partial surrender; and
- . if you decrease your Policy's Face Amount.

We deduct the partial surrender charge from the subaccounts or the Guaranteed Account in the same proportion as we deduct the amounts for your partial surrender.

Partial Surrender Charge Due to Decrease in Face Amount. We deduct an amount equal to the applicable surrender charge multiplied by a fraction (equal to the decrease in Face Amount divided by the Face Amount of the Policy prior to the decrease).

Partial Surrender Administrative Charge. We reserve the right to deduct an administrative charge upon a partial surrender of up to \$25 or 2% of amount surrendered, whichever is less in order to help pay for the expense of making a partial surrender. The current charge is \$0.

Discount Purchase Programs. The amount of the surrender charge and other charges under the Policy may be reduced or eliminated when sales of the Policy are made to individuals or to groups of individuals in a manner that in our opinion results in expense savings. For purchases made by our officers, directors and employees, those of an affiliate, or any individual, firm, or a company that has executed the necessary agreements to sell the Policy, and members of the immediate families of such officers, directors, and employees, we may reduce or eliminate the surrender charge. Any variation in charges under the Policy, including the surrender charge, administrative charge or mortality and expense risk charge, will reflect differences in costs or services and will not be unfairly discriminatory.

Right to Exchange

You may exchange this Policy to a flexible premium fixed benefit life insurance Policy on the life of the Insured without evidence of insurability. This exchange may be made:

- . within 24 months after the Issue Date while the Policy is in force; or
- . within 24 months of any increase in Face Amount of the Policy; or

42

- . within 60 days of the effective date of a material change in the investment Policy of a subaccount, or within 60 days of the notification of such change, if later. In the event of such a change, we will notify you and give you information on the options available.

When an exchange is requested, we accomplish the exchange by transferring all of the Account Value to the Guaranteed Account. There is no charge for this transfer. Once this option is exercised, the entire Account Value must remain in the Guaranteed Account for the remaining life of the new Policy. The Face Amount in effect at the time of the exchange will remain unchanged. The effective date, Issue Date and issue age of the Insured will remain unchanged. The Owner and Beneficiary are the same as were recorded immediately before the exchange.

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 as 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.

Account Value

Your Account Value. From each premium payment you make, we deduct the charges that we describe on page 38 under "Deductions from Premium." We invest the rest in one or more of the available investment options listed on page 17 of this prospectus. 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 "Account Value."

43

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 37 under "Charges Under the Policy."

You can review other important information about the Mutual Funds that you can choose in the separate prospectuses for those Funds. You can request additional free copies of these prospectuses from your AIG Life representative, from our Home Office or from the Administrative Center (both locations and the telephone numbers are shown under "Contact Information" on page 5 of this prospectus).

The Guaranteed Account. The Guaranteed Account is an account within the general account of the company. Our general account assets are used to support our insurance and annuity obligations other than those funded by Variable Accounts. Subject to applicable law, we have sole discretion over the investment of the assets of the general account.

We have not registered interests in the Guaranteed Account under the Securities Act of 1933 or as an investment company under the Investment Company Act of 1940.

The staff of the SEC has not reviewed our disclosure on the Guaranteed Account. Our disclosure regarding the Guaranteed Account must comply with generally applicable provisions of the federal securities laws relating to the accuracy and completeness of statements made in a prospectus.

POLICY LAPSE AND REINSTATEMENT

Reinstatement

If the Policy has ended without value, you may reinstate Policy benefits while the Insured is alive if you:

- . Request reinstatement of Policy benefits within three years (unless otherwise specified by state law) from the end of the Grace Period;
- . Provide evidence of insurability satisfactory to us;
- . Make a payment of an amount sufficient to cover (i) the total monthly administrative charges from the beginning of the Grace Period to the effective date of reinstatement; (ii) total monthly deductions for three months, calculated from the effective date of reinstatement; and (iii) the premium expense charge and any increase in surrender charges associated with this payment. We will determine the amount of this required payment as if no interest or investment performance were credited to or charged against your Account Value; and
- . Repay or reinstate any loan which existed on the date the Policy ended.

The effective date of the reinstatement of Policy benefits will be the next Monthly Anniversary which coincides with or next follows the date we approve your request. From the required payment we

44

will deduct the premium expenses. The Account Value, loan and surrender charges that will apply upon reinstatement will be those that were in effect on the date the Policy lapsed.

We will start to make monthly deductions again as of the effective date of reinstatement. The monthly expense charge from the beginning of the Grace Period to the effective date of reinstatement will be deducted from the Account Value as of the effective date of reinstatement. No other charges will accrue for this period.

FEDERAL INCOME TAX CONSIDERATIONS

The following summarizes the current federal income tax law that applies to life insurance in general. This summary does not cover all situations. This summary is based upon our understanding of the current federal income tax laws and current interpretations by the Internal Revenue Service. We cannot predict

whether the Code will change. 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.

Tax Status of the Policy

A Policy has certain tax advantages when it is treated as a "life insurance contract" under the Code. We believe that the Policy meets the definition of a life insurance contract under Section 7702 of the Code at issue. You bear the risk that the Policy may not meet the definition of a life insurance contract. You should consult your own tax adviser to discuss these risks.

AIG Life

We are taxed as a life insurance company under the Code. For federal tax purposes, the Variable Account and its operations are considered to be part of our operations and are not taxed separately.

Diversification and Investor Control

The Code requires that we diversify the investments underlying variable insurance contracts. If the investments are not properly diversified and any remedial period has passed, Section 817(h) of the Code provides in general the contract is immediately disqualified from treatment as a life insurance contract for federal income tax purposes. Disqualification of the Policy as a life insurance contract would result in taxable income to you at the time that we allocate any earnings to your Policy. You would have taxable income even though you have not received any payments under the Policy.

Although we do not have direct control over the investments or activities of the portfolios in which the subaccount invests, we intend that each portfolio in which the subaccounts invest will be managed by its investment adviser in compliance with these diversification requirements.

A variable life insurance Policy could fail to be treated as a life insurance contract for tax purposes if the Owner of the Policy has such control over the investments underlying the Policy (e.g., by being able to transfer values among many portfolios with only limited restrictions) so as to be considered the Owner of the underlying investments. There is some uncertainty on this point because only limited guidance has been issued by the Treasury Department. If and when guidelines are issued, we may be required to impose limitations on your rights to control investment designations under the Policy. We do not know whether any such guidelines will be issued or whether any such guidelines would have

retroactive effect. We, therefore, reserve the right to make changes that we deem necessary to insure that the Policy qualifies as a life insurance contract.

Tax Treatment of the Policy

Section 7702 of the Code sets forth a detailed definition of a life insurance contract for federal tax purposes. The Treasury Department has not issued final regulations so that the extent of the official guidance as to how Section 7702 is to be applied is quite limited. If a Policy were determined not to be a life insurance contract for purposes of Section 7702, that Policy would not qualify for the favorable tax treatment normally provided to a life insurance contract.

With respect to a Policy issued on the basis of a standard rate class, we believe that such a Policy should meet the Section 7702 definition of a life insurance contract.

With respect to a Policy that is issued on a substandard basis (i.e., a premium class involving higher than standard mortality risk), there is less certainty, in particular as to how the mortality and other expense requirements of Section 7702 are to be applied in determining whether such a Policy meets the definition of a life insurance contract set forth in Section 7702. Thus, it is not clear that such a Policy would satisfy Section 7702, particularly if you pay the full amount of premiums permitted under the Policy.

If subsequent guidance issued under Section 7702 leads us to conclude that a Policy does not (or may not) satisfy Section 7702, we will take appropriate and necessary steps for the purpose of bringing the Policy into compliance, but we can give no assurance that it will be possible to achieve that result. We expressly reserve the right to restrict Policy transactions if we determine such

action to be necessary to qualify the Policy as a life insurance contract under Section 7702.

Tax Treatment of Policy Benefits In General

This discussion assumes that each Policy will qualify as a life insurance contract for federal income tax purposes under Section 7702. The Life Insurance Proceeds under the Policy should generally be excluded from the taxable gross income of the Beneficiary. In addition, the increases in a Policy's Account Value should not be taxed until there has been a distribution from the Policy such as a surrender, partial surrender or lapse with loan.

Pre-Death Distribution

The tax treatment of any distribution you receive before the Insured's death depends on whether the Policy is classified as a modified endowment contract.

Policies Not Classified as Modified Endowment Contracts

- . If you surrender the Policy or allow it to lapse, you will not be taxed except to the extent the amount you receive is in excess of the premiums you paid less the untaxed portion of any prior withdrawals. For this purpose, you will be treated as receiving any portion of the Net Cash Surrender Value used to repay Policy debt. The tax consequences of a surrender may differ if you take the proceeds under an income payment settlement option.

46

- . Generally, you will be taxed on a withdrawal to the extent the amount you receive exceeds the premiums you paid for the Policy less the untaxed portion of any prior withdrawals. However, under some limited circumstances, in the first 15 Policy years, all or a portion of a withdrawal may be taxed if the cash value exceeds the total premiums paid less the untaxed portions of any prior withdrawals, even if total withdrawals do not exceed total premiums paid.
- . Loans you take against the Policy are ordinarily treated as debt and are not considered distributions subject to tax.

Modified Endowment Contracts

- . The rules change if the Policy is classified as a modified endowment contract ("MEC"). The Policy could be classified as a MEC if premiums substantially in excess of scheduled premiums are paid or a decrease in the Face Amount of insurance is made. An increase in the Face Amount of insurance may also cause the Policy to be classified as a MEC. The rules on whether a Policy will be treated as a MEC are very complex and cannot be fully described in this summary. You should consult a qualified tax adviser to determine whether a Policy transaction will cause the Policy to be classified as a MEC. We will monitor your Policy and will attempt to notify you on a timely basis if your Policy is in jeopardy of becoming a MEC.
- . If the Policy is classified as a MEC, then amounts you receive under the Policy before the Insured's death, including loans and withdrawals, are included in income to the extent that the cash value before surrender charges exceeds the premiums paid for the Policy, increased by the amount of any loans previously included in income, and reduced by any untaxed amounts previously received other than the amount of any loans excludable from income. An assignment of a MEC is taxable in the same way. These rules also apply to pre-death distributions, including loans, made during the two-year period before the time that the Policy became a MEC.
- . Any taxable income on pre-death distributions (including full surrenders) is subject to a penalty of 10% unless the amount is received on or after age 59 1/2, on account of your becoming disabled or as a life annuity. It is presently unclear how the penalty tax provisions apply to the Policies owned by businesses.
- . All MECs issued by us to you during the same calendar year are treated as a single Policy for purposes of applying these rules.

Interest on Loans

Except in special circumstances, interest paid on a loan under a Policy

which is owned by an individual is treated as personal interest under the Code and thus will not be tax deductible. In addition, the deduction of interest that is incurred on any loan under a Policy owned by a taxpayer and covering the life of any individual who is an officer or employee of or who is financially interested in the business carried on by that taxpayer may also be subject to certain restrictions set forth in Section 264 of the Code. Before taking a loan, you should consult a tax adviser as to the tax consequences of such a loan. (Also Section 264 of the Code may preclude business owners from deducting premium payments.)

47

Policy Exchanges and Modifications

Depending on the circumstances, the exchange of a Policy, a change in the Death Benefit Option, a loan, a partial surrender, a surrender, a change in ownership, or an assignment of the Policy may have adverse federal income tax consequences. In addition, the federal, state and local transfer, and other tax consequences of ownership or receipt of Policy proceeds will depend on the circumstances of each Owner or Beneficiary.

Withholding

We are required to withhold federal income taxes on the taxable portion of any amounts received under the Policy unless you elect to not have any withholding or in certain other circumstances. You are not permitted to elect out of withholding if you do not provide a social security number or other taxpayer identification number. Special withholding rules apply to payments made to non-resident aliens.

You are liable for payment of federal income taxes on the taxable portion of any amounts received under the Policy. You may be subject to penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

Contracts Issued in Connection With Tax Qualified Pension Plans

Prior to purchase of a Policy in connection with a qualified plan, you should examine the applicable tax rules relating to such plans and life insurance thereunder in consultation with a qualified tax adviser.

Possible Charge for AIG Life's Taxes

At the present time, we do not deduct any charges for any federal, state, or local income taxes. However, we do currently deduct charges for state and federal premium based taxes and the federal DAC tax. We reserve the right in the future to deduct a charge for any such tax or other economic burden resulting from the application of the tax laws that we determine to be properly attributable to the Variable Account or to the Policy.

LEGAL PROCEEDINGS

AIG Life 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, AIG Life 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 AIG Life's results of operations and financial position.

The principal underwriter and distributor of the Policies, American General Equity Services Corporation ("AGESC"), offers general securities. 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 AIG Life and the Variable 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.

48

We have capitalized some special terms we use in this document. We have defined these terms here.

Account Value. The total amount in the Variable Account and Guaranteed Account attributable to your Policy.

Administrative Center. One ALICO Plaza, 600 King Street, CLMK, Wilmington, Delaware 19801.

Attained Age. The Insured's age as of the Policy Date plus the number of completed Policy years since the Policy Date.

Beneficiary. The person(s) who is entitled to the Life Insurance Proceeds under the Policy.

Cash Surrender Value. Account Value less any applicable surrender charge that would be deducted upon surrender.

Code. The Internal Revenue Code of 1986, as amended.

Face Amount. The amount of insurance specified by the Owner and the base for calculating the death benefit.

Grace Period. The period of time beginning on a Monthly Anniversary during which the Policy will continue in force even though your Net Cash Surrender Value is less than the total monthly deduction then due.

Guaranteed Account. An account within the general account which consists of all of our assets other than the assets of the Variable Account and any of our other separate investment accounts.

Insured. A person whose life is covered under the Policy. At the time of application, the Insured must be 70 years of age or younger, unless we agree otherwise.

Issue Date. The date the Policy is actually issued. It may be later than the Policy Date.

Life Insurance Proceeds. The amount payable to a Beneficiary if the Insured dies while coverage under the Policy is in force.

Loan Account. The portion of the Account Value held in the Guaranteed Account as collateral for loans.

Monthly Anniversary. The same day as the Policy Date for each succeeding month. If the day of the Monthly Anniversary is the 29th, 30th, or 31st and a month has no such day, the Monthly Anniversary is deemed to be the last day of that month.

Net Cash Surrender Value. The Cash Surrender Value less any Outstanding Loan.

Net Premium. Any premium paid less any expense charges deducted from the premium payment.

Outstanding Loan. The total amount of Policy loans, including both principal and accrued interest.

Owner. The person who purchased the Policy as shown in the application, unless later changed.

Policy Date. The date as of which we have received the initial premium and an application in good order. If a Policy is issued, life insurance coverage is effective as of the Policy Date.

Valuation Date. Each day the New York Stock Exchange is open for trading.

Valuation Period. A period commencing with the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern Time) on any Valuation Date and ending as of the close of the New York Stock Exchange on the next succeeding Valuation Date.

Variable Account. Variable Account II, a separate investment account of ours.

APPENDIX A

Maximum Initial Surrender Charge
Per \$1,000 of Initial Specified Face Amount

Issue Age	Sex	Smoker Status	Surrender Charge
25	Male	Nonsmoker	\$16.00
35	Male	Nonsmoker	20.00
45	Male	Nonsmoker	26.00
55	Male	Nonsmoker	38.00
65	Male	Nonsmoker	46.00
75	Male	Nonsmoker	44.00
25	Male	Smoker	18.00
35	Male	Smoker	23.00
45	Male	Smoker	32.00
55	Male	Smoker	48.00
65	Male	Smoker	47.00
75	Male	Smoker	46.00
25	Female	Nonsmoker	14.00
35	Female	Nonsmoker	18.00
45	Female	Nonsmoker	23.00
55	Female	Nonsmoker	33.00
65	Female	Nonsmoker	45.00
75	Female	Nonsmoker	44.00
25	Female	Smoker	16.00
35	Female	Smoker	20.00
45	Female	Smoker	26.00
55	Female	Smoker	37.00
65	Female	Smoker	46.00
75	Female	Smoker	44.00
25	Unisex	Unismoke	16.00
35	Unisex	Unismoke	20.00
45	Unisex	Unismoke	27.00
55	Unisex	Unismoke	40.00
65	Unisex	Unismoke	46.00
75	Unisex	Unismoke	45.00

THIS DOCUMENT IS NOT PART OF ANY PROSPECTUS.

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 (C) 2005 American International Group, Inc. All rights reserved.

LOGO [AIG AMERICAN GENERAL]

For additional information about the Executive Advantage Policies and the Variable 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 600 King Street, CLMK, Wilmington, Delaware 19801 or call us at 1-302-594-2352. You may also obtain the SAI from an insurance representative through which the Policies may be purchased. Additional information about the Executive Advantage Policies, including personalized illustrations of death benefits, cash surrender values, and account 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 Variable 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 Variable 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:

AIG Life Insurance Company

A member company of American International Group, Inc.

One ALICO Plaza, 600 King Street, Wilmington, Delaware 19801

Executive Advantage Group Flexible Premium Variable Life Insurance

Policy Form Number 11GVULU997 (unisex)

11GVULD997 (sex distinct)

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 AIG Life Insurance Company ("AIG Life") are solely its responsibility. AIG Life is responsible for its own financial condition and contractual obligations. AIG Life does not solicit business in the state of New York. The Policies are not available in all states.

(C) 2005 American International Group, Inc. All rights reserved.

TEXT BOX [IMSA LOGO INSURANCE MARKET PLACE STANDARDS ASSOCIATION

Membership in IMSA applies only to AIG Life Insurance Company and not to its products. ICA File No. 811-4687]

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

EXECUTIVE ADVANTAGE (SM)

GROUP FLEXIBLE PREMIUM VARIABLE LIFE INSURANCE POLICIES

ISSUED BY

AIG LIFE INSURANCE COMPANY

AFFLUENT AND CORPORATE MARKETS GROUP

ONE ALICO PLAZA, 600 KING STREET, CLMK, WILMINGTON, DELAWARE 19801

TELEPHONE: 1-302-594-2352

STATEMENT OF ADDITIONAL INFORMATION

DATED MAY 2, 2005

This Statement of Additional Information ("SAI") is not a prospectus. It should read in conjunction with the prospectus for AIG Life Insurance Company Variable Account II (the "Separate Account" or "Variable Account II") dated May 2, 2005, describing the Executive Advantage group 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 AIG Life Insurance Company ("AIG Life") at the address or telephone number given above. Terms used in this SAI have the same meanings as are defined in the Policy prospectus.

TABLE OF CONTENTS

GENERAL INFORMATION.....	3
AIG Life.....	3
Variable Account II.....	3
SERVICES.....	3
DISTRIBUTION OF THE POLICIES.....	4
PERFORMANCE INFORMATION.....	5
ADDITIONAL INFORMATION ABOUT THE POLICIES.....	6
Gender neutral policies.....	6
Cost of insurance rates.....	6
Certain arrangements.....	6
Guaranteed Investment Option.....	6
Adjustments to Death Benefit.....	7
Suicide.....	7
Wrong age or gender.....	7
Death during grace period.....	7
ACTUARIAL EXPERT.....	7
MATERIAL CONFLICTS.....	7
FINANCIAL STATEMENTS.....	8
Separate Account Financial Statements.....	8
AIG Life Financial Statements.....	8
Index to Financial Statements.....	9

GENERAL INFORMATION

AIG Life

We are AIG Life Insurance Company ("AIG Life"). AIG Life is a stock life insurance company initially organized under the laws of Pennsylvania and reorganized under the laws of Delaware. We were incorporated in 1962. AIG Life 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 AIG Life and its affiliates. The commitments under the Policies are AIG Life's, and AIG has no legal obligation to back those commitments.

AIG Life 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. AIG Life's membership in IMSA applies only to AIG Life and not its products.

Variable Account II

We hold the Fund shares in which any of your accumulation value is invested in Variable Account II. Variable Account II 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 June 5, 1986.

For record keeping and financial reporting purposes, Variable Account II is divided into 106 separate "divisions," 45 of which are available under the Policies offered by the Policy prospectus as variable "investment options." Eight of these 45 divisions and the remaining 61 divisions are offered under other AIG Life 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 Variable Account II are our property. The assets in the Separate Account may not be used to pay any liabilities of AIG Life other than those arising from the Policies. AIG Life is obligated to pay all amounts under the Policies due the Policy owners. We act as custodian for the Separate Account's assets.

SERVICES

AIG Life and AIG are parties to a service and expense agreement. Under the service and expense agreement, AIG provides services to AIG Life and certain other life insurance companies under the AIG holding company system at cost. Those services include data processing systems, customer services, product development, actuarial, internal auditing, accounting and legal services. During 2004, 2003 and 2002, AIG Life paid AIG for these services \$1,473,348, \$2,757,831 and \$3,487,314, respectively.

3

In 2003, American General Life Companies, LLC ("AGLC") started paying for almost all of AIG Life's expenses and allocating these charges back to AIG Life. Previously, most of these expenses, such as payroll expenses, were paid by AIG Life directly. AIG Life, AGLC and AIG are parties to a services agreement. AIG Life and AGLC are both 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 AIG Life and certain other life insurance companies under the AIG holding company system at cost. Those services include data processing systems, customer services, product development, actuarial, internal auditing, accounting and legal services. During 2004 and 2003, AIG Life paid AGLC \$25,846,530 and \$21,696,058 for these services respectively.

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 an affiliate of AIG Life, is the principal underwriter and distributor of the Policies for the Separate Account under a Distribution Agreement between AGESC and AIG Life. AGESC also acts as principal underwriter for AIG Life's other separate accounts and for the separate accounts of certain AIG Life 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.

Commissions may be paid based on premiums paid for Policies sold. Other expense reimbursements, allowances, and overrides may also be paid. Registered representatives who meet certain productivity and profitability standards may be eligible for additional compensation. Additional payments may be made for administrative or other services not directly related to the sale of the Policies.

4

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:

- . 24% of premiums paid in the first Policy year up to the Target Premium and 4% of premiums in excess of the Target Premium;
- . 11% of premiums paid in Policy years 2 through 4 up to the Target Premium and 4% of premiums in excess of the Target Premium;
- . 4% of premiums paid in Policy years 5 through 7 up to the Target Premium and 4% of premiums in excess of the Target Premium;
- . 3% of premiums paid in Policy years 8 through 15 up to the Target Premium and 2% of premiums in excess of the Target Premium;
- . 2% of premiums paid beginning in the 16th Policy year up to the Target Premium and 2% of premiums paid beginning in the 16th Policy year in excess of the Target Premium;
- . Trail commission of 0.20% annual in Policy years 8 through 15, of each Policy's accumulation value (reduced by any outstanding loans); and
- . Trail commission of 0.10% annual beginning in the 16th Policy year, of each Policy's accumulation value (reduced by any outstanding loans).

Target Premium is the maximum amount of premium to which the first year commission rate applies.

PERFORMANCE INFORMATION

From time to time, we may quote performance information for the divisions of the Separate Account 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

5

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 AIG Life's financial 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.

Guaranteed Investment Option

Under the Policy, you may currently allocate your Account Value to the Guaranteed Account. In addition, if you request a loan, we will allocate part of your Account Value to the Loan Account which is part of the Guaranteed Account.

We may treat each allocation and transfer separately for purposes of crediting interest and making deductions from the Guaranteed Account.

All of your Account Value held in the Guaranteed Account will earn interest at a rate we determine in our sole discretion. This rate will never be less than 4% per year compounded annually. The Loan Account portion of your Account Value may earn a different interest rate than the remaining portion of your Account Value in the Guaranteed Account.

We will deduct any transfers, partial surrenders or any policy expenses from the Guaranteed Account and your variable investment options on a pro rata basis, unless you provide other directions. No portion of the Loan Account may be used for this purpose.

6

If we must pay any part of the proceeds for a loan, partial surrender or full surrender from the Guaranteed Account, we may defer the payment for up to six months from the date we receive the written request. If we defer payment from the Guaranteed Account for 30 days or more, we will pay interest on the amount we deferred at a rate of 4% per year, compounded annually, until we make payment.

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 A. Hasan Qureshi who is an actuary of AIG Life. 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, AIG Life, 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

7

- . 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 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

PricewaterhouseCoopers LLP ("PWC"), located at 1201 Louisiana Street, Suite 2900, Houston, Texas 77002, is the independent registered public accounting firm for AIG Life. AIG uses 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.

AIG Life Financial Statements

The balance sheets of AIG Life at December 31, 2004 and (restated) 2003 and the related statements of income, shareholders' equity, cash flows and comprehensive income 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.

8

Index to Financial Statements

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

I. Variable Account II 2004 Financial Statements	Page

Report of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.....	VA II-1
Statement of Net Assets as of December 31, 2004.....	VA II-2
Statement of Operations for the year ended December 31, 2004.....	VA II-4
Statement of Changes in Net Assets for the years ended December 31, 2004 and 2003 (restated).....	VA II-6
Notes to Financial Statements.....	VA II-25

II. AIG Life 2004 Financial Statements	Page

Report of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.....	F-2
Balance Sheets as of December 31, 2004 and 2003 (restated).....	F-3
Statements of Income for the years ended December 31, 2004, 2003 (restated) and 2002 (restated).....	F-5
Statements of Shareholders' Equity for the years ended December 31, 2004, 2003 (restated) and 2002 (restated).....	F-6
Statements of Cash Flows for the years ended December 31, 2004, 2003 (restated) and 2002 (restated).....	F-7
Statements of Comprehensive Income for the years ended December 31, 2004, 2003 (restated) and 2002 (restated).....	F-8
Notes to Financial Statements.....	F-9

[LOGO] AIG AMERICAN GENERAL

Variable Account II

Variable Universal Life Insurance

2004

Annual Report

December 31, 2004

AIG 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 AIG Life Insurance Company and Policy Owners of AIG Life Insurance Company Variable Account II

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 Sub-accounts listed in Note A of AIG Life Insurance Company Variable Account II (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 four 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.

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 Sub-accounts for the year ended December 31, 2003, and the related investment income ratio for the years ended December 31, 2003, 2002 and 2001.

PRICEWATERHOUSECOOPERS LLP

April 29, 2005

VA II - 1

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF NET ASSETS
December 31, 2004

<TABLE>
<CAPTION>

Sub-accounts	Investment securities - at fair value	Due from (to) AIG Life Insurance Company	Net Assets
<S>	<C>	<C>	<C>
AIM V.I. Capital Appreciation Fund - Series I	\$ 636,924	\$ --	\$ 636,924
AIM V.I. International Growth Fund - Series I	875,477	--	875,477
AllianceBernstein Americas Government Income Portfolio - Class A	--	--	--
AllianceBernstein Global Bond Portfolio - Class A	65,211	5	65,216
AllianceBernstein Global Dollar Government Portfolio - Class A	324	2	326
AllianceBernstein Growth and Income Portfolio - Class A	3,672,016	(11)	3,672,005
AllianceBernstein Growth Portfolio - Class A	3,258,112	--	3,258,112
AllianceBernstein High Yield Portfolio - Class A	--	--	--
AllianceBernstein International Portfolio - Class A	--	--	--
AllianceBernstein Money Market Portfolio - Class A	38,558	33	38,591
AllianceBernstein Premier Growth Portfolio - Class A	1,383,392	--	1,383,392
AllianceBernstein Real Estate Investment Portfolio - Class A	501,498	(1)	501,497
AllianceBernstein Small Cap Growth Portfolio - Class A	576,994	1	576,995
AllianceBernstein Technology Portfolio - Class A	1,703,562	(1)	1,703,561
AllianceBernstein Total Return Portfolio - Class A	297,951	--	297,951
AllianceBernstein U.S. Government/High Grade Securities Portfolio - Class A	674	(2)	672
AllianceBernstein Utility Income Portfolio - Class A	200,545	(13)	200,532
AllianceBernstein Worldwide Privatization Portfolio - Class A	--	--	--
American Century VP Capital Appreciation Fund - Class I	81,959	--	81,959
American Century VP Income & Growth Fund - Class I	223,717	--	223,717
American Century VP International Fund - Class I	260,610	9	260,619
Anchor Series Trust Asset Allocation Portfolio - Class 1	381,742	3	381,745
Anchor Series Trust Capital			

Appreciation			
Portfolio - Class 1	3,690,118	--	3,690,118
Anchor Series Trust Government and Quality Bond			
Portfolio - Class 1	912,056	(5)	912,051
Anchor Series Trust Growth			
Portfolio - Class 1	1,668,619	2	1,668,621
Anchor Series Trust Natural Resources			
Portfolio - Class 1	685,207	(6)	685,201
Dreyfus Stock Index Fund, Inc. - Initial shares	6,465,538	(1)	6,465,537
Dreyfus VIF Small Company Stock Portfolio - Initial shares	1,405,727	(2)	1,405,725
Fidelity VIP Asset Manager Portfolio - Initial Class	1,480,392	--	1,480,392
Fidelity VIP Contrafund Portfolio - Initial Class	2,425,405	3	2,425,408
Fidelity VIP Growth Portfolio - Initial Class	4,182,661	(2)	4,182,659
Fidelity VIP High Income Portfolio - Initial Class	639,378	--	639,378
Fidelity VIP Index 500 Portfolio - Initial Class	530,116	--	530,116
Fidelity VIP Investment Grade Bond Portfolio - Initial Class	1,051,902	--	1,051,902
Fidelity VIP Money Market Portfolio - Initial Class	2,700,981	(2)	2,700,979
Fidelity VIP Overseas Portfolio - Initial Class	539,482	--	539,482
Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	215,348	--	215,348
JPMorgan Bond Portfolio	112,100	--	112,100
JPMorgan U.S. Large Cap Core Equity Portfolio	69,650	--	69,650
Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	51,058	1	51,059
Neuberger Berman AMT Partners Portfolio - Class I	472,365	--	472,365
Oppenheimer Global Securities Fund/VA - Non-Service Shares	478,652	7	478,659
Oppenheimer Main Street Fund/VA - Non-Service Shares	592,059	6	592,065
PIMCO VIT Real Return Portfolio - Administrative Class	209,174	(2)	209,172
SunAmerica - Aggressive Growth Portfolio - Class 1	1,966,322	--	1,966,322
SunAmerica - SunAmerica Balanced Portfolio - Class 1	1,376,690	--	1,376,690
SunAmerica Alliance Growth Portfolio	3,384,082	(2)	3,384,080
SunAmerica Asset Allocation Portfolio	--	--	--
SunAmerica Blue Chip Growth Portfolio	107,456	(2)	107,454
SunAmerica Cash Management Portfolio	2,697,266	--	2,697,266
SunAmerica Corporate Bond Portfolio	459,531	--	459,531
SunAmerica Davis Venture Value Portfolio	2,941,089	(8)	2,941,081
SunAmerica "Dogs" of Wall Street Portfolio	403,134	--	403,134

</TABLE>

See accompanying notes.

VA II - 2

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF NET ASSETS - CONTINUED
December 31, 2004

<TABLE>
<CAPTION>

Sub-accounts	Investment securities - at fair value	Due from (to) AIG Life Insurance Company	Net Assets
<S>	<C>	<C>	<C>
SunAmerica Emerging Markets Portfolio	\$ 849,391	\$ --	\$ 849,391
SunAmerica Federated American Leaders Portfolio	354,376	--	354,376
SunAmerica Global Bond Portfolio	607,337	--	607,337
SunAmerica Global Equities Portfolio	575,379	1	575,380
SunAmerica Goldman Sachs Research Portfolio	22,902	--	22,902
SunAmerica Growth Opportunities Portfolio	106,180	1	106,181
SunAmerica Growth-Income Portfolio	2,527,607	--	2,527,607
SunAmerica High-Yield Bond Portfolio	188,274	7	188,281
SunAmerica International Diversified Equities Portfolio	571,128	2	571,130
SunAmerica International Growth and Income Portfolio	951,467	--	951,467
SunAmerica Marsico Growth Portfolio	513,561	--	513,561
SunAmerica MFS Massachusetts Investors Trust Portfolio	584,613	8	584,621
SunAmerica MFS Mid-Cap Growth Portfolio	2,574,807	--	2,574,807
SunAmerica MFS Total Return Portfolio	1,116,698	--	1,116,698
SunAmerica Putnam Growth: Voyager Portfolio	994,236	--	994,236
SunAmerica Real Estate Portfolio	907,837	(1)	907,836
SunAmerica Technology Portfolio	128,825	1	128,826
SunAmerica Telecom Utility Portfolio	118,043	--	118,043
SunAmerica Worldwide High Income Portfolio	75,080	5	75,085
UIF Core Plus Fixed Income Portfolio - Class I	175,541	--	175,541
UIF Money Market Portfolio - Class I	105,181	73	105,254
UIF U.S. Mid Cap Value Portfolio - Class I	477,198	9	477,207
VALIC Company I - Small Cap Index Fund	415,340	--	415,340
Van Eck Worldwide Emerging Markets Fund	262,590	2	262,592
Van Eck Worldwide Hard Assets Fund	171,863	--	171,863

</TABLE>

See accompanying notes.

VA II - 3

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF OPERATIONS
For the Year Ended December 31, 2004

<TABLE>
<CAPTION>

A	B	A+B=C	D	E	F	C+D+E+F Increase (decrease) in net assets
Dividends	Mortality and expense risk	Net	Net realized	Capital gain	Net change in unrealized	

Sub-accounts	from mutual funds	and administrative charges	investment income (loss)	gain (loss) on investments	distributions from mutual funds	appreciation (depreciation) of investments	resulting from operations
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
AIM V.I. Capital Appreciation Fund - Series I	\$ --	\$ (5,198)	\$ (5,198)	\$ (23,903)	\$ --	\$ 65,005	\$ 35,904
AIM V.I. International Growth Fund - Series I	5,085	(6,627)	(1,542)	(44,601)	--	209,487	163,344
AllianceBernstein Global Bond Portfolio - Class A	3,653	(567)	3,086	2,326	1,279	(574)	6,117
AllianceBernstein Global Dollar Government Portfolio - Class A	22	(3)	19	5	--	3	27
AllianceBernstein Growth and Income Portfolio - Class A	30,606	(29,093)	1,513	10,703	--	333,853	346,069
AllianceBernstein Growth Portfolio - Class A	--	(26,909)	(26,909)	(129,738)	--	551,580	394,933
AllianceBernstein Money Market Portfolio - Class A	318	(433)	(115)	--	--	--	(115)
AllianceBernstein Premier Growth Portfolio - Class A	--	(10,146)	(10,146)	(44,208)	--	155,017	100,663
AllianceBernstein Real Estate Investment Portfolio - Class A	9,357	(3,000)	6,357	16,363	--	102,501	125,221
AllianceBernstein Small Cap Growth Portfolio - Class A	--	(4,566)	(4,566)	(2,201)	--	74,560	67,793
AllianceBernstein Technology Portfolio - Class A	--	(13,861)	(13,861)	(201,774)	--	286,364	70,729
AllianceBernstein Total Return Portfolio - Class A	8,171	(3,085)	5,086	(1,950)	--	21,162	24,298
AllianceBernstein U.S. Government/High Grade Securities Portfolio - Class A	20	(6)	14	2	21	(18)	19
AllianceBernstein Utility Income Portfolio - Class A	3,598	(1,275)	2,323	(8,260)	--	41,657	35,720
American Century VP Capital Appreciation Fund - Class I	--	(503)	(503)	(391)	--	6,508	5,614
American Century VP Income & Growth Fund - Class I	2,375	(1,349)	1,026	725	--	21,349	23,100
American Century VP International Fund - Class I	1,083	(1,334)	(251)	5,677	--	23,857	29,283
Anchor Series Trust Asset Allocation Portfolio - Class 1	9,660	(2,579)	7,081	1,662	--	22,966	31,709
Anchor Series Trust Capital Appreciation Portfolio - Class 1	--	(24,516)	(24,516)	(35,577)	--	331,437	271,344
Anchor Series Trust Government and Quality Bond Portfolio - Class 1	41,828	(6,662)	35,166	1,689	356	(14,473)	22,738
Anchor Series Trust Growth Portfolio - Class 1	8,950	(11,550)	(2,600)	(45,292)	--	205,852	157,960
Anchor Series Trust Natural Resources Portfolio - Class 1	4,336	(4,152)	184	31,491	19,500	80,426	131,601
Dreyfus Stock Index Fund, Inc. - Initial shares	113,588	(53,726)	59,862	(66,779)	--	570,465	563,548
Dreyfus VIF Small Company Stock Portfolio - Initial shares	--	(9,757)	(9,757)	33,598	83,309	98,919	206,069
Fidelity VIP Asset Manager Portfolio - Initial Class	41,469	(13,223)	28,246	(40,133)	--	77,026	65,139
Fidelity VIP Contrafund Portfolio - Initial Class	6,686	(16,797)	(10,111)	4,477	--	304,499	298,865
Fidelity VIP Growth Portfolio - Initial Class	10,667	(36,383)	(25,716)	(185,769)	--	304,184	92,699
Fidelity VIP High Income Portfolio - Initial Class	48,301	(5,157)	43,144	(18,963)	--	27,113	51,294
Fidelity VIP Index 500 Portfolio - Initial Class	1,689	(1,549)	140	5,927	--	38,803	44,870
Fidelity VIP Investment Grade Bond Portfolio - Initial Class	44,044	(9,232)	34,812	14,453	31,681	(42,646)	38,300
Fidelity VIP Money Market Portfolio - Initial Class	32,106	(21,786)	10,320	--	--	--	10,320
Fidelity VIP Overseas Portfolio - Initial Class	6,045	(4,731)	1,314	(30,723)	--	88,340	58,931
Franklin Templeton - Templeton Global Asset Allocation							

Fund - Class 1	4,542	(1,272)	3,270	19,941	--	4,587	27,798
JPMorgan Bond Portfolio	4,791	(945)	3,846	366	2,541	(2,998)	3,755
JPMorgan U.S. Large Cap Core Equity Portfolio	503	(491)	12	(455)	--	6,062	5,619
Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	1,898	(376)	1,522	(67)	--	(1,469)	(14)
Neuberger Berman AMT Partners Portfolio - Class I	53	(3,609)	(3,556)	14,053	--	68,185	78,682
Oppenheimer Global Securities Fund/VA - Non-Service Shares	4,575	(2,965)	1,610	5,303	--	65,071	71,984
Oppenheimer Main Street Fund/VA - Non-Service Shares	4,269	(3,981)	288	4,346	--	42,976	47,610
PIMCO VIT Real Return Portfolio - Administrative Class	839	(362)	477	12	6,419	(917)	5,991
SunAmerica - Aggressive Growth Portfolio - Class 1	--	(12,850)	(12,850)	(105,024)	--	381,671	263,797
SunAmerica - SunAmerica Balanced Portfolio - Class 1	20,300	(9,469)	10,831	(25,702)	--	92,857	77,986
SunAmerica Alliance Growth Portfolio	10,114	(23,852)	(13,738)	(257,092)	--	493,722	222,892
SunAmerica Asset Allocation Portfolio	--	--	--	--	--	--	--
SunAmerica Blue Chip Growth Portfolio	139	(660)	(521)	(1,292)	--	5,815	4,002
SunAmerica Cash Management Portfolio	22,490	(22,618)	(128)	(44,931)	--	46,434	1,375
SunAmerica Corporate Bond Portfolio	21,466	(3,112)	18,354	1,573	--	4,645	24,572
SunAmerica Davis Venture Value Portfolio	23,905	(20,453)	3,452	(6,771)	--	338,294	334,975
SunAmerica "Dogs" of Wall Street Portfolio	8,955	(2,578)	6,377	3,337	--	19,005	28,719

See accompanying notes.

VA II - 4

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

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

Sub-accounts	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>
SunAmerica Emerging Markets Portfolio	\$ 8,280	\$ (5,616)	\$ 2,664	\$ 42,093	\$ --	\$114,701	\$159,458
SunAmerica Federated American Leaders Portfolio	5,059	(2,574)	2,485	(971)	--	29,044	30,558
SunAmerica Global Bond Portfolio	--	(4,572)	(4,572)	10,914	7,202	5,745	19,289
SunAmerica Global Equities Portfolio	1,633	(3,908)	(2,275)	(42,743)	--	100,413	55,395
SunAmerica Goldman Sachs Research Portfolio	--	(158)	(158)	462	--	2,172	2,476
SunAmerica Growth Opportunities Portfolio	--	(694)	(694)	(2,558)	--	8,500	5,248
SunAmerica Growth-Income Portfolio	16,491	(17,522)	(1,031)	(123,299)	--	372,183	247,853
SunAmerica High-Yield Bond Portfolio	16,109	(1,324)	14,785	2,423	--	10,291	27,499
SunAmerica International Diversified Equities Portfolio	12,929	(4,327)	8,602	(55,994)	--	133,661	86,269

SunAmerica International Growth and Income Portfolio	8,955	(5,326)	3,629	(16,447)	--	153,195	140,377
SunAmerica Marsico Growth Portfolio	--	(3,493)	(3,493)	14,838	--	35,797	47,142
SunAmerica MFS Massachusetts Investors Trust Portfolio	4,542	(4,175)	367	(26,605)	--	84,182	57,944
SunAmerica MFS Mid-Cap Growth Portfolio	--	(17,097)	(17,097)	(125,613)	--	433,014	290,304
SunAmerica MFS Total Return Portfolio	1,806	(7,369)	(5,563)	9,634	--	96,460	100,531
SunAmerica Putnam Growth: Voyager Portfolio	1,257	(7,227)	(5,970)	(97,848)	--	142,348	38,530
SunAmerica Real Estate Portfolio	21,238	(5,314)	15,924	29,281	--	186,783	231,988
SunAmerica Technology Portfolio	--	(1,006)	(1,006)	2,781	--	(5,651)	(3,876)
SunAmerica Telecom Utility Portfolio	5,478	(794)	4,684	(4,688)	--	16,721	16,717
SunAmerica Worldwide High Income Portfolio	4,459	(516)	3,943	(1,324)	--	3,246	5,865
UIF Core Plus Fixed Income Portfolio - Class I	6,610	(1,130)	5,480	2,554	398	(1,474)	6,958
UIF Money Market Portfolio - Class I	1,690	(1,204)	486	--	--	--	486
UIF U.S. Mid Cap Value Portfolio - Class I	90	(2,429)	(2,339)	2,580	--	52,306	52,547
VALIC Company I - Small Cap Index Fund	804	(682)	122	218	--	54,550	54,890
Van Eck Worldwide Emerging Markets Fund	1,225	(2,066)	(841)	15,574	--	40,883	55,616
Van Eck Worldwide Hard Assets Fund	360	(980)	(620)	2,332	--	22,799	24,511

</TABLE>

See accompanying notes.

VA II - 5

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

	Sub-accounts			
	AIM V.I. Capital Appreciation Fund - Series I	AIM V.I. International Growth Fund - Series I	AllianceBernstein Global Bond Portfolio - Class A	AllianceBernstein Global Dollar Government Portfolio - Class A
<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ (5,198)	\$ (1,542)	\$ 3,086	\$ 19
Net realized gain (loss) on investments	(23,903)	(44,601)	2,326	5
Capital gain distributions from mutual funds	--	--	1,279	--
Net change in unrealized appreciation (depreciation) of investments	65,005	209,487	(574)	3
Increase (decrease) in net assets resulting from operations	35,904	163,344	6,117	27
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	101,509	149,293	22,114	--
Administrative charges	--	--	--	--
Cost of insurance	(64,726)	(70,075)	(5,619)	(11)

Policy loans	(13,844)	(44,740)	(6)	--
Death benefits	--	(515)	--	--
Withdrawals	(39,976)	(32,496)	(10,131)	--
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	(17,037)	1,467	6,358	(11)
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	18,867	164,811	12,475	16
NET ASSETS:				
Beginning of year	618,057	710,666	52,741	310
	-----	-----	-----	-----
End of year	\$636,924	\$ 875,477	\$65,216	\$326
	=====	=====	=====	=====
For the Year Ended December 31, 2003				
OPERATIONS:				
Net investment income (loss)	\$ (4,413)	\$ (2,038)	\$ 2,149	\$ 8
Net realized gain (loss) on investments	(24,754)	(130,177)	765	11
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	162,790	293,790	1,995	59
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	133,623	161,575	4,909	78
	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	152,926	126,689	15,803	--
Administrative charges	--	--	--	--
Cost of insurance	(65,470)	(71,290)	(4,666)	(15)
Policy loans	(1,127)	(6,461)	287	--
Death benefits	(41)	--	--	--
Withdrawals	(55,445)	(80,073)	--	--
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	30,843	(31,135)	11,424	(15)
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	164,466	130,440	16,333	63
NET ASSETS:				
Beginning of year	453,591	580,226	36,408	247
	-----	-----	-----	-----
End of year	\$618,057	\$ 710,666	\$52,741	\$310
	=====	=====	=====	=====

</TABLE>

See accompanying notes.

VA II - 6

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

Sub-accounts			
-----	-----	-----	-----
AllianceBernstein Growth and Income Portfolio - Class A	AllianceBernstein Growth Portfolio - Class A	AllianceBernstein Money Market Portfolio - Class A	AllianceBernstein Premier Growth Portfolio - Class A
-----	-----	-----	-----

<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ 1,513	\$ (26,909)	\$ (115)	\$ (10,146)
Net realized gain (loss) on investments	10,703	(129,738)	--	(44,208)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	333,853	551,580	--	155,017
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	346,069	394,933	(115)	100,663
	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	644,521	353,372	996	271,196
Administrative charges	(799)	--	--	(410)
Cost of insurance	(229,511)	(226,042)	(5,594)	(103,077)
Policy loans	(20,349)	(28,879)	--	(4,166)
Death benefits	--	(4,135)	--	--
Withdrawals	(181,815)	(108,047)	(16,528)	(50,051)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	212,047	(13,731)	(21,126)	113,492
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	558,116	381,202	(21,241)	214,155
NET ASSETS:				
Beginning of year	3,113,889	2,876,910	59,832	1,169,237
	-----	-----	-----	-----
End of year	\$3,672,005	\$3,258,112	\$ 38,591	\$1,383,392
	=====	=====	=====	=====

For the Year Ended December 31, 2003

OPERATIONS:				
Net investment income (loss)	\$ 5,627	\$ (23,066)	\$ (762)	\$ (7,590)
Net realized gain (loss) on investments	(25,430)	(334,660)	--	(29,333)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	822,744	1,109,446	--	243,302
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	802,941	751,720	(762)	206,379
	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	408,009	411,606	(341,189)	344,511
Administrative charges	(604)	--	--	(311)
Cost of insurance	(243,404)	(231,642)	(20,208)	(108,073)
Policy loans	(28,472)	(25,684)	--	(11,143)
Death benefits	--	(7,482)	--	--
Withdrawals	(363,722)	(233,094)	--	(51,574)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	(228,193)	(86,296)	(361,397)	173,410
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	574,748	665,424	(362,159)	379,789

NET ASSETS:				
Beginning of year	2,539,141	2,211,486	421,991	789,448
	-----	-----	-----	-----
End of year	\$3,113,889	\$2,876,910	\$ 59,832	\$1,169,237
	=====	=====	=====	=====

</TABLE>

See accompanying notes.

VA II - 7

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

	Sub-accounts			
	AllianceBernstein Real Estate Investment Portfolio - Class A	AllianceBernstein Small Cap Growth Portfolio - Class A	AllianceBernstein Technology Portfolio - Class A	AllianceBernstein Total Return Portfolio - Class A
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ 6,357	\$ (4,566)	\$ (13,861)	\$ 5,086
Net realized gain (loss) on investments	16,363	(2,201)	(201,774)	(1,950)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	102,501	74,560	286,364	21,162
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	125,221	67,793	70,729	24,298
	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	56,323	86,240	295,977	33,507
Administrative charges	--	--	--	--
Cost of insurance	(36,722)	(33,000)	(171,819)	(22,868)
Policy loans	(2,428)	(5,876)	(62,229)	(94,224)
Death benefits	(489)	--	(295)	--
Withdrawals	(3,864)	(12,212)	(46,225)	(7,622)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	12,820	35,152	15,409	(91,207)
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	138,041	102,945	86,138	(66,909)
NET ASSETS:				
Beginning of year	363,456	474,050	1,617,423	364,860
	-----	-----	-----	-----
End of year	\$501,497	\$576,995	\$1,703,561	\$297,951
	=====	=====	=====	=====

For the Year Ended December
31, 2003

OPERATIONS:				
Net investment income (loss)	\$ 5,841	\$ (3,298)	\$ (13,007)	\$ 6,032
Net realized gain (loss) on investments	6,789	(9,342)	(414,802)	(4,348)
Capital gain distributions				

from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	88,648	165,874	966,356	53,841
Increase (decrease) in net assets resulting from operations	101,278	153,234	538,547	55,525
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	61,052	82,831	389,185	79,582
Administrative charges	--	--	--	--
Cost of insurance	(33,954)	(30,844)	(188,353)	(23,967)
Policy loans	(4,122)	(1,434)	(46,618)	(15,512)
Death benefits	--	--	--	--
Withdrawals	(2,190)	(25,140)	(299,583)	(15,307)
Increase (decrease) in net assets resulting from principal transactions	20,786	25,413	(145,369)	24,796
TOTAL INCREASE (DECREASE) IN NET ASSETS	122,064	178,647	393,178	80,321
NET ASSETS:				
Beginning of year	241,392	295,403	1,224,245	284,539
End of year	\$363,456	\$474,050	\$1,617,423	\$364,860

</TABLE>

See accompanying notes.

VA II - 8

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

	Sub-accounts			
	AllianceBernstein U.S. Government/High Grade Securities Portfolio - Class A	AllianceBernstein Utility Income Portfolio - Class A	American Century VP Capital Appreciation Fund - Class I	American Century VP Income & Growth Fund - Class I
	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ 14	\$ 2,323	\$ (503)	\$ 1,026
Net realized gain (loss) on investments	2	(8,260)	(391)	725
Capital gain distributions from mutual funds	21	--	--	--
Net change in unrealized appreciation (depreciation) of investments	(18)	41,657	6,508	21,349
Increase (decrease) in net assets resulting from operations	19	35,720	5,614	23,100
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed				

rate option	--	26,199	20,090	64,584
Administrative charges	--	--	--	--
Cost of insurance	(98)	(21,488)	(10,851)	(23,259)
Policy loans	--	(2,578)	(288)	(946)
Death benefits	--	(188)	--	(31)
Withdrawals	--	(7,982)	(105)	(872)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	(98)	(6,037)	8,846	39,476
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	(79)	29,683	14,460	62,576
NET ASSETS:				
Beginning of year	751	170,849	67,499	161,141
	-----	-----	-----	-----
End of year	\$ 672	\$200,532	\$ 81,959	\$223,717
	=====	=====	=====	=====
For the Year Ended December 31, 2003				
OPERATIONS:				
Net investment income (loss)	\$ 18+	\$ 3,619	\$ (409)	\$ 696
Net realized gain (loss) on investments	4	(1,089)	(2,998)	(252)
Capital gain distributions from mutual funds	6+	--	--	--
Net change in unrealized appreciation (depreciation) of investments	(6)	23,835	12,555	33,304
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	22	26,365	9,148	33,748
	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	--	41,486	30,775	41,672
Administrative charges	--	--	--	--
Cost of insurance	(101)	(20,395)	(10,982)	(20,545)
Policy loans	--	(2,671)	(679)	(587)
Death benefits	--	--	--	--
Withdrawals	--	(2,493)	(11,778)	(2,153)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	(101)	15,927	7,336	18,387
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	(79)	42,292	16,484	52,135
NET ASSETS:				
Beginning of year	830	128,557	51,015	109,006
	-----	-----	-----	-----
End of year	\$ 751	\$170,849	\$ 67,499	\$161,141
	=====	=====	=====	=====

</TABLE>

See accompanying notes.

VA II - 9

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

	Sub-accounts			
	American Century	Anchor Series Trust Asset	Anchor Series Trust Capital	Anchor Series Trust Government

<u><S></u>	<u>VP International Fund - Class 1</u>	<u>Allocation Portfolio - Class 1</u>	<u>Appreciation Portfolio - Class 1</u>	<u>and Quality Bond Portfolio - Class 1</u>
<u><C></u>	<u><C></u>	<u><C></u>	<u><C></u>	<u><C></u>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ (251)	\$ 7,081	\$ (24,516)	\$ 35,166
Net realized gain (loss) on investments	5,677	1,662	(35,577)	1,689
Capital gain distributions from mutual funds	--	--	--	356
Net change in unrealized appreciation (depreciation) of investments	23,857	22,966	331,437	(14,473)
Increase (decrease) in net assets resulting from operations	29,283	31,709	271,344	22,738
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	68,939	97,851	1,030,154	153,018
Administrative charges	(317)	--	--	--
Cost of insurance	(3,453)	(48,342)	(401,615)	(124,138)
Policy loans	--	(4,566)	(28,394)	(4,616)
Death benefits	--	--	--	--
Withdrawals	--	(5,263)	(133,760)	(10,046)
Increase (decrease) in net assets resulting from principal transactions	65,169	39,680	466,385	14,218
TOTAL INCREASE (DECREASE) IN NET ASSETS	94,452	71,389	737,729	36,956
NET ASSETS:				
Beginning of year	166,167	310,356	2,952,389	875,095
End of year	\$260,619	\$381,745	\$3,690,118	\$ 912,051

For the Year Ended December 31, 2003

OPERATIONS:				
Net investment income (loss)	\$ 66	\$ (228)	\$ (18,186)	\$ 32,723+
Net realized gain (loss) on investments	1,249	161	(136,283)	11,447
Capital gain distributions from mutual funds	--	--	--	7,283+
Net change in unrealized appreciation (depreciation) of investments	25,289	12,442	833,039	(35,996)
Increase (decrease) in net assets resulting from operations	26,604	12,375	678,570	15,457
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	99,529	307,375	819,267	256,299
Administrative charges	(201)	--	--	--
Cost of insurance	(1,929)	(4,074)	(464,284)	(153,096)
Policy loans	--	--	(16,018)	(534)
Death benefits	--	--	(1,163)	--
Withdrawals	--	(5,320)	(97,008)	(112,537)
Increase (decrease) in net assets resulting from principal transactions	97,399	297,981	240,794	(9,868)

	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	124,003	310,356	919,364	5,589
NET ASSETS:				
Beginning of year	42,164	--	2,033,025	869,506
End of year	\$166,167	\$310,356	\$2,952,389	\$ 875,095
	=====	=====	=====	=====

</TABLE>

See accompanying notes.

VA II - 10

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

	Sub-accounts			
	Anchor Series Trust Growth Portfolio - Class 1	Anchor Series Trust Natural Resources Portfolio - Class 1	Dreyfus Stock Index Fund, Inc. - Initial shares	Dreyfus VIF Small Company Stock Portfolio - Initial shares
<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ (2,600)	\$ 184	\$ 59,862	\$ (9,757)
Net realized gain (loss) on investments	(45,292)	31,491	(66,779)	33,598
Capital gain distributions from mutual funds	--	19,500	--	83,309
Net change in unrealized appreciation (depreciation) of investments	205,852	80,426	570,465	98,919
Increase (decrease) in net assets resulting from operations	157,960	131,601	563,548	206,069
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	400,950	197,282	737,866	272,730
Administrative charges	--	--	--	--
Cost of insurance	(183,861)	(66,841)	(714,320)	(101,172)
Policy loans	(2,279)	(660)	(60,917)	(6,566)
Death benefits	--	--	(31)	(33)
Withdrawals	(155,661)	(18,046)	(272,983)	(28,344)
Increase (decrease) in net assets resulting from principal transactions	59,149	111,735	(310,385)	136,615
TOTAL INCREASE (DECREASE) IN NET ASSETS	217,109	243,336	253,163	342,684
NET ASSETS:				
Beginning of year	1,451,512	441,865	6,212,374	1,063,041
End of year	\$1,668,621	\$685,201	\$6,465,537	\$1,405,725
	=====	=====	=====	=====
For the Year Ended December 31, 2003				
OPERATIONS:				
Net investment income				

(loss)	\$ (2,165)	\$ (17)+	\$ 35,845	\$ (5,700)
Net realized gain (loss) on investments	(91,581)	5,010	(201,691)	(22,795)
Capital gain distributions from mutual funds	--	2,585+	--	--
Net change in unrealized appreciation (depreciation) of investments	414,492	132,021	1,550,819	319,699
Increase (decrease) in net assets resulting from operations	320,746	139,599	1,384,973	291,204
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	393,215	108,661	1,064,366	196,414
Administrative charges	--	--	--	--
Cost of insurance	(202,183)	(56,347)	(721,214)	(84,940)
Policy loans	1,714	(13,013)	(88,104)	991
Death benefits	(347)	--	--	(219)
Withdrawals	(155,454)	(15,158)	(341,207)	(51,613)
Increase (decrease) in net assets resulting from principal transactions	36,945	24,143	(86,159)	60,633
TOTAL INCREASE (DECREASE) IN NET ASSETS	357,691	163,742	1,298,814	351,837
NET ASSETS:				
Beginning of year	1,093,821	278,123	4,913,560	711,204
End of year	\$1,451,512	\$441,865	\$6,212,374	\$1,063,041

</TABLE>

See accompanying notes.

VA II - 11

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

	Sub-accounts			
	Fidelity VIP Asset Manager Portfolio - Initial Class	Fidelity VIP Contrafund Portfolio - Initial Class	Fidelity VIP Growth Portfolio - Initial Class	Fidelity VIP High Income Portfolio - Initial Class
<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ 28,246	\$ (10,111)	\$ (25,716)	\$ 43,144
Net realized gain (loss) on investments	(40,133)	4,477	(185,769)	(18,963)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	77,026	304,499	304,184	27,113
Increase (decrease) in net assets resulting from operations	65,139	298,865	92,699	51,294
PRINCIPAL TRANSACTIONS:				

Net premiums and transfers from (to) other Sub-accounts or fixed rate option	236,577	543,380	624,739	79,930
Administrative charges	--	(789)	--	--
Cost of insurance	(129,540)	(151,840)	(367,057)	(53,573)
Policy loans	(115,962)	(15,179)	(106,614)	(4,573)
Death benefits	(16,963)	(9,813)	(8,237)	(32)
Withdrawals	(80,198)	(77,562)	(170,424)	(14,733)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	(106,086)	288,197	(27,593)	7,019
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	(40,947)	587,062	65,106	58,313
NET ASSETS:				
Beginning of year	1,521,339	1,838,346	4,117,553	581,065
	-----	-----	-----	-----
End of year	\$1,480,392	\$2,425,408	\$4,182,659	\$639,378
	=====	=====	=====	=====
For the Year Ended December 31, 2003				
OPERATIONS:				
Net investment income (loss)	\$ 39,754	\$ (5,870)	\$ (22,556)	\$ 26,606
Net realized gain (loss) on investments	(57,900)	(4,797)	(342,393)	(20,404)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	253,746	400,450	1,383,610	100,527
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	235,600	389,783	1,018,661	106,729
	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	220,837	443,079	637,554	190,575
Administrative charges	--	(476)	--	--
Cost of insurance	(134,758)	(146,165)	(392,034)	(47,788)
Policy loans	(33,002)	(8,621)	(28,518)	(20,044)
Death benefits	--	(8,719)	(288)	(168)
Withdrawals	(177,336)	(76,659)	(361,870)	(25,779)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	(124,259)	202,439	(145,156)	96,796
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	111,341	592,222	873,505	203,525
NET ASSETS:				
Beginning of year	1,409,998	1,246,124	3,244,048	377,540
	-----	-----	-----	-----
End of year	\$1,521,339	\$1,838,346	\$4,117,553	\$581,065
	=====	=====	=====	=====

</TABLE>

See accompanying notes.

VA II - 12

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

Sub-accounts

Fidelity VIP

<u><S></u>	<u>Fidelity VIP Index 500 Portfolio - Initial Class</u>	<u>Investment Grade Bond Portfolio - Initial Class</u>	<u>Fidelity VIP Money Market Portfolio - Initial Class</u>	<u>Fidelity VIP Overseas Portfolio - Initial Class</u>
<u><S></u>	<u><C></u>	<u><C></u>	<u><C></u>	<u><C></u>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ 140	\$ 34,812	\$ 10,320	\$ 1,314
Net realized gain (loss) on investments	5,927	14,453	--	(30,723)
Capital gain distributions from mutual funds	--	31,681	--	--
Net change in unrealized appreciation (depreciation) of investments	38,803	(42,646)	--	88,340
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	44,870	38,300	10,320	58,931
	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	349,641	128,387	446,494	73,191
Administrative charges	(244)	--	--	--
Cost of insurance	(4,752)	(89,510)	(337,461)	(36,028)
Policy loans	--	(34,847)	(109,200)	(50,025)
Death benefits	--	--	--	--
Withdrawals	--	(78,977)	(140,788)	(30,527)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	344,645	(74,947)	(140,955)	(43,389)
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	389,515	(36,647)	(130,635)	15,542
NET ASSETS:				
Beginning of year	140,601	1,088,549	2,831,614	523,940
	-----	-----	-----	-----
End of year	\$530,116	\$1,051,902	\$2,700,979	\$539,482
	=====	=====	=====	=====
For the Year Ended December 31, 2003				
OPERATIONS:				
Net investment income (loss)	\$ 146	\$ 30,714+	\$ 5,506	\$ (512)
Net realized gain (loss) on investments	4,104	4,956	--	(18,438)
Capital gain distributions from mutual funds	--	14,023+	--	--
Net change in unrealized appreciation (depreciation) of investments	12,369	(5,606)	--	177,971
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	16,619	44,087	5,506	159,021
	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	89,302	157,882	208,370	84,696
Administrative charges	(153)	--	--	--
Cost of insurance	(1,467)	(94,289)	(402,435)	(33,951)
Policy loans	--	(5,001)	(22,473)	(5,472)
Death benefits	--	--	--	--
Withdrawals	--	(13,054)	(145,777)	(28,607)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	87,682	45,538	(362,315)	16,666
	-----	-----	-----	-----

TOTAL INCREASE (DECREASE) IN NET ASSETS	104,301	89,625	(356,809)	175,687
NET ASSETS:				
Beginning of year	36,300	998,924	3,188,423	348,253
End of year	\$140,601	\$1,088,549	\$2,831,614	\$523,940

</TABLE>

See accompanying notes.

VA II - 13

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

	Sub-accounts			
	Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	JPMorgan Bond Portfolio	JPMorgan U.S. Large Cap Core Equity Portfolio	Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I
<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ 3,270	\$ 3,846	\$ 12	\$ 1,522
Net realized gain (loss) on investments	19,941	366	(455)	(67)
Capital gain distributions from mutual funds	--	2,541	--	--
Net change in unrealized appreciation (depreciation) of investments	4,587	(2,998)	6,062	(1,469)
Increase (decrease) in net assets resulting from operations	27,798	3,755	5,619	(14)
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	42,907	(13,042)	13,682	13,540
Administrative charges	--	--	--	--
Cost of insurance	(17,033)	(20,481)	(8,848)	(6,012)
Policy loans	8	(325)	(2,032)	(129)
Death benefits	--	--	--	--
Withdrawals	(1,219)	(11,339)	(2,528)	(1,173)
Increase (decrease) in net assets resulting from principal transactions	24,663	(45,187)	274	6,226
TOTAL INCREASE (DECREASE) IN NET ASSETS	52,461	(41,432)	5,893	6,212
NET ASSETS:				
Beginning of year	162,887	153,532	63,757	44,847
End of year	\$215,348	\$112,100	\$69,650	\$51,059

For the Year Ended
December 31, 2003

OPERATIONS:				
Net investment income (loss)	\$ 2,689	\$ 3,059+	\$ 109	\$ 1,667
Net realized gain (loss)				

on investments	1,448	126	--	130
Capital gain distributions from mutual funds	--	2,910+	--	--
Net change in unrealized appreciation (depreciation) of investments	32,270	(2,181)	12,842	(1,035)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	36,407	3,914	12,951	762
	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	31,848	52,571	19,551	11,082
Administrative charges	--	--	--	--
Cost of insurance	(15,092)	(25,580)	(8,693)	(6,107)
Policy loans	(3)	(46)	(49)	(6,694)
Death benefits	--	--	--	--
Withdrawals	(272)	(4,261)	(607)	(166)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	16,481	22,684	10,202	(1,885)
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	52,888	26,598	23,153	(1,123)
NET ASSETS:				
Beginning of year	109,999	126,934	40,604	45,970
	-----	-----	-----	-----
End of year	\$162,887	\$153,532	\$63,757	\$44,847
	=====	=====	=====	=====

</TABLE>

See accompanying notes.

VA II - 14

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

	Sub-accounts			
	Neuberger Berman AMT Partners Portfolio - Class I	Oppenheimer Global Securities Fund/VA - Non- Service Shares	Oppenheimer Main Street Fund/VA - Non- Service Shares	PIMCO VIT Real Return Portfolio - Administrative Class
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ (3,556)	\$ 1,610	\$ 288	\$ 477
Net realized gain (loss) on investments	14,053	5,303	4,346	12
Capital gain distributions from mutual funds	--	--	--	6,419
Net change in unrealized appreciation (depreciation) of investments	68,185	65,071	42,976	(917)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	78,682	71,984	47,610	5,991
	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub- accounts or fixed rate				

option	16,344	118,758	114,164	204,577
Administrative charges	--	--	--	(9)
Cost of insurance	(130,448)	(44,811)	(61,426)	(1,387)
Policy loans	199	(5,793)	(4,617)	--
Death benefits	--	--	(719)	--
Withdrawals	(11,150)	(12,591)	(24,823)	--
Increase (decrease) in net assets resulting from principal transactions	(125,055)	55,563	22,579	203,181
TOTAL INCREASE (DECREASE) IN NET ASSETS	(46,373)	127,547	70,189	209,172
NET ASSETS:				
Beginning of year	518,738	351,112	521,876	--
End of year	\$ 472,365	\$478,659	\$592,065	\$209,172

For the Year Ended
December 31, 2003

OPERATIONS:

Net investment income (loss)	\$ (2,669)	\$ 35	\$ 835	\$ --
Net realized gain (loss) on investments	(15,598)	(2,644)	(5,102)	--
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	129,106	95,539	106,863	--
Increase (decrease) in net assets resulting from operations	110,839	92,930	102,596	--

PRINCIPAL TRANSACTIONS:

Net premiums and transfers from (to) other Sub-accounts or fixed rate option	181,136	106,120	111,718	--
Administrative charges	--	--	--	--
Cost of insurance	(101,537)	(32,682)	(57,994)	--
Policy loans	--	(3,419)	(131)	--
Death benefits	--	--	--	--
Withdrawals	(1,044)	(17,069)	(17,818)	--
Increase (decrease) in net assets resulting from principal transactions	78,555	52,950	35,775	--
TOTAL INCREASE (DECREASE) IN NET ASSETS	189,394	145,880	138,371	--
NET ASSETS:				
Beginning of year	329,344	205,232	383,505	--
End of year	\$ 518,738	\$351,112	\$521,876	\$ --

</TABLE>

See accompanying notes.

VA II - 15

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

Sub-accounts			
SunAmerica - Aggressive Growth Portfolio - Class 1	SunAmerica - SunAmerica Balanced Portfolio Class 1	SunAmerica Alliance Growth Portfolio	SunAmerica Asset Allocation Portfolio

<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ (12,850)	\$ 10,831	\$ (13,738)	\$ --
Net realized gain (loss) on investments	(105,024)	(25,702)	(257,092)	--
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	381,671	92,857	493,722	--
Increase (decrease) in net assets resulting from operations	263,797	77,986	222,892	--
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub- accounts or fixed rate option	457,675	323,461	660,008	--
Administrative charges	--	--	--	--
Cost of insurance	(286,655)	(155,345)	(501,809)	--
Policy loans	3,351	(158)	(15,249)	--
Death benefits	(32)	--	(31)	--
Withdrawals	(89,584)	(53,517)	(154,771)	--
Increase (decrease) in net assets resulting from principal transactions	84,755	114,441	(11,852)	--
TOTAL INCREASE (DECREASE) IN NET ASSETS	348,552	192,427	211,040	--
NET ASSETS:				
Beginning of year	1,617,770	1,184,263	3,173,040	--
End of year	\$1,966,322	\$1,376,690	\$3,384,080	\$ --

<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2003				
OPERATIONS:				
Net investment income (loss)	\$ (10,259)	\$ 17,457	\$ (13,453)	\$ 8,203
Net realized gain (loss) on investments	(141,806)	(45,727)	(283,552)	4,254
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	487,287	182,083	911,867	31,382
Increase (decrease) in net assets resulting from operations	335,222	153,813	614,862	43,839
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub- accounts or fixed rate option	551,002	288,966	955,662	(230,541)
Administrative charges	--	--	--	--
Cost of insurance	(353,605)	(192,673)	(644,629)	(44,793)
Policy loans	(12,931)	(11,448)	(20,596)	(8,437)
Death benefits	(872)	(361)	(17,217)	(447)
Withdrawals	(76,326)	(80,480)	(164,523)	(3,186)
Increase (decrease) in net assets resulting from principal transactions	107,268	4,004	108,697	(287,404)
TOTAL INCREASE (DECREASE) IN NET ASSETS	442,490	157,817	723,559	(243,565)

NET ASSETS:				
Beginning of year	1,175,280	1,026,446	2,449,481	243,565
	-----	-----	-----	-----
End of year	\$1,617,770	\$1,184,263	\$3,173,040	\$ --
	=====	=====	=====	=====

</TABLE>

See accompanying notes.

VA II - 16

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

	Sub-accounts			
	SunAmerica Blue Chip Growth Portfolio	SunAmerica Cash Management Portfolio	SunAmerica Corporate Bond Portfolio	SunAmerica Davis Venture Value Portfolio
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ (521)	\$ (128)	\$ 18,354	\$ 3,452
Net realized gain (loss) on investments	(1,292)	(44,931)	1,573	(6,771)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	5,815	46,434	4,645	338,294
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	4,002	1,375	24,572	334,975
	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub- accounts or fixed rate option	36,852	(2,601)	93,610	584,793
Administrative charges	--	--	--	--
Cost of insurance	(11,882)	(439,652)	(46,614)	(309,161)
Policy loans	(1)	(10,003)	(119)	(23,381)
Death benefits	--	--	--	--
Withdrawals	(770)	(188,456)	(2,070)	(214,075)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	24,199	(640,712)	44,807	38,176
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	28,201	(639,337)	69,379	373,151
NET ASSETS:				
Beginning of year	79,253	3,336,603	390,152	2,567,930
	-----	-----	-----	-----
End of year	\$107,454	\$ 2,697,266	\$459,531	\$2,941,081
	=====	=====	=====	=====

For the Year Ended
December 31, 2003

OPERATIONS:

Net investment income (loss)	\$ (443)	\$ 50,429	\$ 19,389	\$ 3,000
Net realized gain (loss) on investments	(3,079)	(82,988)	1,973	(120,177)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation				

(depreciation) of investments	17,462	29,694	15,491	735,818
Increase (decrease) in net assets resulting from operations	13,940	(2,865)	36,853	618,641
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	23,170	239,316	134,327	593,361
Administrative charges	--	--	--	--
Cost of insurance	(8,917)	(668,615)	(50,857)	(338,741)
Policy loans	2,627	(172,742)	(5,214)	(5,211)
Death benefits	--	(57,723)	--	(908)
Withdrawals	(1,540)	(682,828)	(11,782)	(146,315)
Increase (decrease) in net assets resulting from principal transactions	15,340	(1,342,592)	66,474	102,186
TOTAL INCREASE (DECREASE) IN NET ASSETS	29,280	(1,345,457)	103,327	720,827
NET ASSETS:				
Beginning of year	49,973	4,682,060	286,825	1,847,103
End of year	\$ 79,253	\$ 3,336,603	\$390,152	\$2,567,930

</TABLE>

See accompanying notes.

VA II - 17

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

	Sub-accounts			
	SunAmerica "Dogs" of Wall Street Portfolio	SunAmerica Emerging Markets Portfolio	SunAmerica Federated American Leaders Portfolio	SunAmerica Global Bond Portfolio
<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ 6,377	\$ 2,664	\$ 2,485	\$ (4,572)
Net realized gain (loss) on investments	3,337	42,093	(971)	10,914
Capital gain distributions from mutual funds	--	--	--	7,202
Net change in unrealized appreciation (depreciation) of investments	19,005	114,701	29,044	5,745
Increase (decrease) in net assets resulting from operations	28,719	159,458	30,558	19,289
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	191,557	118,953	56,939	165,307
Administrative charges	--	--	--	--
Cost of insurance	(32,171)	(106,982)	(45,939)	(135,956)
Policy loans	(419)	(139)	(392)	(3,367)
Death benefits	--	--	--	(932)

Withdrawals	(3,821)	(56,909)	(25,231)	(22,756)
Increase (decrease) in net assets resulting from principal transactions	155,146	(45,077)	(14,623)	2,296
TOTAL INCREASE (DECREASE) IN NET ASSETS	183,865	114,381	15,935	21,585
NET ASSETS:				
Beginning of year	219,269	735,010	338,441	585,752
End of year	\$403,134	\$ 849,391	\$354,376	\$ 607,337
For the Year Ended December 31, 2003				
OPERATIONS:				
Net investment income (loss)	\$ 3,737	\$ (4,356)	\$ 2,524	\$ (4,032)
Net realized gain (loss) on investments	(2,031)	3,061	(23,569)	5,910
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	35,134	247,031	96,836	14,166
Increase (decrease) in net assets resulting from operations	36,840	245,736	75,791	16,044
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	65,123	163,552	52,180	144,864
Administrative charges	--	--	--	--
Cost of insurance	(34,782)	(125,084)	(67,043)	(123,849)
Policy loans	(797)	(351)	(8,275)	(414)
Death benefits	--	(369)	(414)	(31)
Withdrawals	(18,043)	(22,233)	(28,651)	(5,705)
Increase (decrease) in net assets resulting from principal transactions	11,501	15,515	(52,203)	14,865
TOTAL INCREASE (DECREASE) IN NET ASSETS	48,341	261,251	23,588	30,909
NET ASSETS:				
Beginning of year	170,928	473,759	314,853	554,843
End of year	\$219,269	\$ 735,010	\$338,441	\$ 585,752

</TABLE>

See accompanying notes.

VA II - 18

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

Sub-accounts			
SunAmerica Global Equities Portfolio	SunAmerica Goldman Sachs Research Portfolio	SunAmerica Growth Opportunities Portfolio	SunAmerica Growth-Income Portfolio
<C>	<C>	<C>	<C>

<S>
For the Year Ended
December 31, 2004

OPERATIONS:				
Net investment income (loss)	\$ (2,275)	\$ (158)	\$ (694)	\$ (1,031)
Net realized gain (loss) on investments	(42,743)	462	(2,558)	(123,299)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	100,413	2,172	8,500	372,183

Increase (decrease) in net assets resulting from operations	55,395	2,476	5,248	247,853

PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	121,101	3,608	20,149	461,589
Administrative charges	--	--	--	--
Cost of insurance	(74,691)	(3,937)	(14,658)	(314,733)
Policy loans	6,522	--	(1)	(33,332)
Death benefits	--	--	--	--
Withdrawals	(41,477)	--	(573)	(201,527)

Increase (decrease) in net assets resulting from principal transactions	11,455	(329)	4,917	(88,003)

TOTAL INCREASE (DECREASE) IN NET ASSETS	66,850	2,147	10,165	159,850

NET ASSETS:				
Beginning of year	508,530	20,755	96,016	2,367,757

End of year	\$575,380	\$22,902	\$106,181	\$2,527,607
=====				
For the Year Ended December 31, 2003				

OPERATIONS:				
Net investment income (loss)	\$ (2,067)	\$ (197)	\$ (489)	\$ 5,662
Net realized gain (loss) on investments	(38,529)	(521)	(374)	(96,148)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	142,290	3,843	15,897	530,477

Increase (decrease) in net assets resulting from operations	101,694	3,125	15,034	439,991

PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	149,843	4,977	54,417	683,934
Administrative charges	--	--	--	--
Cost of insurance	(89,704)	(3,139)	(10,543)	(367,048)
Policy loans	(2,797)	--	2,629	(10,105)
Death benefits	(294)	--	--	(381)
Withdrawals	(38,852)	--	(164)	(83,380)

Increase (decrease) in net assets resulting from principal transactions	18,196	1,838	46,339	223,020

TOTAL INCREASE (DECREASE) IN NET ASSETS	119,890	4,963	61,373	663,011

NET ASSETS:				
Beginning of year	388,640	15,792	34,643	1,704,746

End of year	\$508,530	\$20,755	\$ 96,016	\$2,367,757
=====				

</TABLE>

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

	Sub-accounts			
	SunAmerica High- Yield Bond Portfolio	SunAmerica International Diversified Equities Portfolio	SunAmerica International Growth and Income Portfolio	SunAmerica Marsico Growth Portfolio
<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ 14,785	\$ 8,602	\$ 3,629	\$ (3,493)
Net realized gain (loss) on investments	2,423	(55,994)	(16,447)	14,838
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciat- ion) of investments	10,291	133,661	153,195	35,797
Increase (decrease) in net assets resulting from operations	27,499	86,269	140,377	47,142
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	34,130	111,291	379,671	83,461
Administrative charges	--	--	--	--
Cost of insurance	(26,760)	(77,032)	(90,422)	(69,200)
Policy loans	(4,098)	(384)	(3,754)	(5,000)
Death benefits	--	--	--	(769)
Withdrawals	(10,066)	(12,326)	(160,272)	(36,749)
Increase (decrease) in net assets resulting from principal transactions	(6,794)	21,549	125,223	(28,257)
TOTAL INCREASE (DECREASE) IN NET ASSETS	20,705	107,818	265,600	18,885
NET ASSETS:				
Beginning of year	167,576	463,312	685,867	494,676
End of year	\$188,281	\$571,130	\$ 951,467	\$513,561
For the Year Ended December 31, 2003				
OPERATIONS:				
Net investment income (loss)	\$ 8,088	\$ 15,056	\$ 4,029	\$ (3,113)
Net realized gain (loss) on investments	(14,761)	(24,995)	(20,827)	(237)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciat- ion) of investments	51,194	116,127	194,619	109,293
Increase (decrease) in net assets resulting from operations	44,521	106,188	177,821	105,943

PRINCIPAL TRANSACTIONS:

Net premiums and transfers from (to) other				
Sub-accounts or fixed rate option	52,531	116,272	157,209	148,435
Administrative charges	--	--	--	--
Cost of insurance	(26,700)	(72,991)	(102,234)	(74,146)
Policy loans	(1,160)	(2,160)	(1,121)	(3,674)
Death benefits	--	(284)	(1,017)	--
Withdrawals	(24,529)	(13,624)	(12,663)	(33,208)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	142	27,213	40,174	37,407
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	44,663	133,401	217,995	143,350
	-----	-----	-----	-----
NET ASSETS:				
Beginning of year	122,913	329,911	467,872	351,326
	-----	-----	-----	-----
End of year	\$167,576	\$463,312	\$ 685,867	\$494,676
	=====	=====	=====	=====

</TABLE>

See accompanying notes.

VA II - 20

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

	Sub-accounts			
	SunAmerica MFS Massachusetts Investors Trust Portfolio	SunAmerica MFS Mid-Cap Growth Portfolio	SunAmerica MFS Total Return Portfolio	SunAmerica Putnam Growth: Voyager Portfolio
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ 367	\$ (17,097)	\$ (5,563)	\$ (5,970)
Net realized gain (loss) on investments	(26,605)	(125,613)	9,634	(97,848)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	84,182	433,014	96,460	142,348
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	57,944	290,304	100,531	38,530
	-----	-----	-----	-----

PRINCIPAL TRANSACTIONS:

Net premiums and transfers from (to) other				
Sub-accounts or fixed rate option	22,672	637,173	325,538	130,844
Administrative charges	--	--	--	--
Cost of insurance	(66,544)	(336,950)	(138,433)	(130,103)
Policy loans	2,181	(2,086)	(962)	(869)
Death benefits	--	(32)	--	--
Withdrawals	(23,706)	(62,349)	(107,373)	(46,982)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	(65,397)	235,756	78,770	(47,110)
	-----	-----	-----	-----

TOTAL INCREASE (DECREASE) IN

NET ASSETS	(7,453)	526,060	179,301	(8,580)
NET ASSETS:				
Beginning of year	592,074	2,048,747	937,397	1,002,816
End of year	\$584,621	\$2,574,807	\$1,116,698	\$ 994,236
For the Year Ended December 31, 2003				
OPERATIONS:				
Net investment income (loss)	\$ 585	\$ (11,988)	\$ 30,469	\$ (4,205)
Net realized gain (loss) on investments	(17,941)	(162,557)	(8,008)	(93,439)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	122,256	678,302	104,470	280,554
Increase (decrease) in net assets resulting from operations	104,900	503,757	126,931	182,910
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	135,853	742,612	281,460	242,455
Administrative charges	--	--	--	--
Cost of insurance	(80,519)	(352,829)	(152,945)	(167,700)
Policy loans	(2,556)	(12,968)	(8,876)	(7,832)
Death benefits	--	(625)	--	(10,192)
Withdrawals	(32,393)	(73,767)	(61,221)	(38,591)
Increase (decrease) in net assets resulting from principal transactions	20,385	302,423	58,418	18,140
TOTAL INCREASE (DECREASE) IN NET ASSETS	125,285	806,180	185,349	201,050
NET ASSETS:				
Beginning of year	466,789	1,242,567	752,048	801,766
End of year	\$592,074	\$2,048,747	\$ 937,397	\$1,002,816

</TABLE>

See accompanying notes.

VA II - 21

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

	Sub-accounts			
	SunAmerica Real Estate Portfolio	SunAmerica Technology Portfolio	SunAmerica Telecom Utility Portfolio	SunAmerica Worldwide High Income Portfolio
	<C>	<C>	<C>	<C>
<S>				
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ 15,924	\$ (1,006)	\$ 4,684	\$ 3,943
Net realized gain (loss) on investments	29,281	2,781	(4,688)	(1,324)
Capital gain distributions				

from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	186,783	(5,651)	16,721	3,246
Increase (decrease) in net assets resulting from operations	231,988	(3,876)	16,717	5,865
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	242,359	29,101	28,855	11,636
Administrative charges	--	--	--	--
Cost of insurance	(67,953)	(19,901)	(16,618)	(5,459)
Policy loans	(6,250)	(1)	1,472	--
Death benefits	--	--	--	--
Withdrawals	(2,954)	657	(7,123)	(1,754)
Increase (decrease) in net assets resulting from principal transactions	165,202	9,856	6,586	4,423
TOTAL INCREASE (DECREASE) IN NET ASSETS	397,190	5,980	23,303	10,288
NET ASSETS:				
Beginning of year	510,646	122,846	94,740	64,797
End of year	\$907,836	\$128,826	\$118,043	\$75,085
For the Year Ended December 31, 2003				
OPERATIONS:				
Net investment income (loss)	\$ 8,470	\$ (405)	\$ 4,751	\$ 4,604
Net realized gain (loss) on investments	5,541	(2,431)	(1,848)	(747)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	117,955	25,829	10,990	8,435
Increase (decrease) in net assets resulting from operations	131,966	22,993	13,893	12,292
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	149,436	78,538	28,801	15,678
Administrative charges	--	--	--	--
Cost of insurance	(52,301)	(12,957)	(18,781)	(6,320)
Policy loans	(4,773)	2,630	(31)	--
Death benefits	--	--	--	--
Withdrawals	(11,245)	(1,874)	(3,159)	(1,628)
Increase (decrease) in net assets resulting from principal transactions	81,117	66,337	6,830	7,730
TOTAL INCREASE (DECREASE) IN NET ASSETS	213,083	89,330	20,723	20,022
NET ASSETS:				
Beginning of year	297,563	33,516	74,017	44,775
End of year	\$510,646	\$122,846	\$ 94,740	\$64,797

</TABLE>

See accompanying notes.

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

	Sub-accounts			
	UIF Core Plus Fixed Income Portfolio - Class I	UIF Money Market Portfolio - Class I	UIF U.S. Mid Cap Value Portfolio - Class I	VALIC Company I - Small Cap Index Fund
<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ 5,480	\$ 486	\$ (2,339)	\$ 122
Net realized gain (loss) on investments	2,554	--	2,580	218
Capital gain distributions from mutual funds	398	--	--	--
Net change in unrealized appreciation (depreciation) of investments	(1,474)	--	52,306	54,550
Increase (decrease) in net assets resulting from operations	6,958	486	52,547	54,890
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	(48,665)	(66,534)	142,354	363,077
Administrative charges	(281)	(192)	(580)	(18)
Cost of insurance	(3,050)	(5,934)	(6,293)	(2,609)
Policy loans	--	--	--	--
Death benefits	--	--	--	--
Withdrawals	--	--	--	--
Increase (decrease) in net assets resulting from principal transactions	(51,996)	(72,660)	135,481	360,450
TOTAL INCREASE (DECREASE) IN NET ASSETS	(45,038)	(72,174)	188,028	415,340
NET ASSETS:				
Beginning of year	220,579	177,428	289,179	--
End of year	\$175,541	\$105,254	\$477,207	\$415,340
For the Year Ended December 31, 2003				
OPERATIONS:				
Net investment income (loss)	\$ (849)+	\$ (147)	\$ (1,368)	\$ --
Net realized gain (loss) on investments	(52)	--	17,137	--
Capital gain distributions from mutual funds	831 +	--	--	--
Net change in unrealized appreciation (depreciation) of investments	3,482	--	62,737	--
Increase (decrease) in net assets resulting from operations	3,412	(147)	78,506	--

PRINCIPAL TRANSACTIONS:

Net premiums and transfers from (to) other Sub-accounts or fixed rate option	147,834	111,204	111,257	--
Administrative charges	(276)	(732)	(426)	--
Cost of insurance	(2,635)	(6,039)	(4,053)	--
Policy loans	--	--	--	--
Death benefits	--	--	--	--
Withdrawals	--	--	--	--

Increase (decrease) in net assets resulting from principal transactions	144,923	104,433	106,778	--

TOTAL INCREASE (DECREASE) IN NET ASSETS	148,335	104,286	185,284	--

NET ASSETS:				
Beginning of year	72,244	73,142	103,895	--

End of year	\$220,579	\$177,428	\$289,179	\$ --
=====				

</TABLE>

See accompanying notes.

VA II - 23

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

	Sub-accounts	
	Van Eck Worldwide Emerging Markets Fund	Van Eck Worldwide Hard Assets Fund

For the Year Ended December 31, 2004		
OPERATIONS:		
Net investment income (loss)	\$ (841)	\$ (620)
Net realized gain (loss) on investments	15,574	2,332
Capital gain distributions from mutual funds	--	--
Net change in unrealized appreciation (depreciation) of investments	40,883	22,799

Increase (decrease) in net assets resulting from operations	55,616	24,511

PRINCIPAL TRANSACTIONS:		
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	28,926	71,220
Administrative charges	--	--
Cost of insurance	(19,415)	(6,598)
Policy loans	(3,301)	(2,393)
Death benefits	--	--
Withdrawals	(26,302)	(782)

Increase (decrease) in net assets resulting from principal transactions	(20,092)	61,447

TOTAL INCREASE (DECREASE) IN NET ASSETS	35,524	85,958

NET ASSETS:		

Beginning of year	227,068	85,905
	-----	-----
End of year	\$262,592	\$171,863
	=====	=====
For the Year Ended		
December 31, 2003		
OPERATIONS:		
Net investment income		
(loss)	\$ (1,393)	\$ (346)
Net realized gain (loss)		
on investments	(4,702)	56
Capital gain distributions		
from mutual funds	--	--
Net change in unrealized		
appreciation		
(depreciation) of		
investments	85,197	24,463
	-----	-----
Increase (decrease) in net		
assets resulting from		
operations	79,102	24,173
	-----	-----
PRINCIPAL TRANSACTIONS:		
Net premiums and transfers		
from (to) other		
Sub-accounts or fixed		
rate option	55,161	10,485
Administrative charges	--	--
Cost of insurance	(21,660)	(4,296)
Policy loans	(521)	87
Death benefits	--	--
Withdrawals	(22,171)	(104)
	-----	-----
Increase (decrease) in net		
assets resulting from		
principal transactions	10,809	6,172
	-----	-----
TOTAL INCREASE (DECREASE) IN		
NET ASSETS	89,911	30,345
NET ASSETS:		
Beginning of year	137,157	55,560
	-----	-----
End of year	\$227,068	\$ 85,905
	=====	=====

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

See accompanying notes.

VA II - 24

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
NOTES TO FINANCIAL STATEMENTS

Note A - Organization

Variable Account II (the "Account") was established by AIG Life Insurance Company (the "Company") on June 5, 1986, to fund individual and group flexible premium variable universal life insurance policies issued by the Company. The Executive Advantage(SM) policy is currently offered by the Account. Gallery Life, Gemstone Life, Polaris Life, Polaris Survivorship Life, and the Variable Universal Life Policy are no longer offered. The Company is an indirect, wholly-owned subsidiary of American International Group, Inc. The 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 Account is divided into "Sub-accounts", which invest in independently managed mutual fund portfolios ("Funds"). The Funds available to policy owners through the various Sub-accounts are as follows:

AIM Variable Insurance Funds:
AIM V.I. Capital Appreciation Fund - Series I

AllianceBernstein Variable Products Series Fund, Inc.:

AllianceBernstein Americas Government Income Portfolio - Class A (1)
AllianceBernstein Global Bond Portfolio - Class A
AllianceBernstein Global Dollar Government Portfolio - Class A
AllianceBernstein Growth and Income Portfolio - Class A
AllianceBernstein Growth Portfolio - Class A
AllianceBernstein High Yield Portfolio - Class A (1)
AllianceBernstein International Portfolio - Class A (1)
AllianceBernstein Money Market Portfolio - Class A
AllianceBernstein Premier Growth Portfolio - Class A
AllianceBernstein Real Estate Investment Portfolio - Class A
AllianceBernstein Small Cap Growth Portfolio - Class A (2)
AllianceBernstein Technology Portfolio - Class A
AllianceBernstein Total Return Portfolio - Class A
AllianceBernstein U.S. Government/High Grade Securities Portfolio - Class A
AllianceBernstein Utility Income Portfolio - Class A
AllianceBernstein Worldwide Privatization Portfolio - Class A (1)

American Century Variable Portfolios, Inc.

("American Century"):

American Century VP Capital Appreciation Fund - Class I
American Century VP Income & Growth Fund - Class I
American Century VP International Fund - Class I

Anchor Series Trust:

Anchor Series Trust Asset Allocation Portfolio - Class 1
Anchor Series Trust Capital Appreciation Portfolio - Class 1
Anchor Series Trust Government and Quality Bond Portfolio - Class 1
Anchor Series Trust Growth Portfolio - Class 1
Anchor Series Trust Natural Resources Portfolio - Class 1

Credit Suisse Trust ("Credit Suisse"):

Credit Suisse Emerging Markets Portfolio (1)
Credit Suisse Global Post-Venture Capital Portfolio (1)
Credit Suisse International Focus Portfolio (1)
Credit Suisse Large Cap Value Portfolio (1)
Credit Suisse Mid-Cap Growth Portfolio (1) (3)
Credit Suisse Small Cap Growth Portfolio (1)

Dreyfus Stock Index Fund, Inc. - Initial shares

Dreyfus Variable Investment Fund ("Dreyfus VIF"):

Dreyfus VIF Small Company Stock Portfolio - Initial shares

Fidelity(R) Variable Insurance Products ("Fidelity VIP"):

Fidelity(R) VIP Asset Manager(SM) Portfolio - Initial Class
Fidelity(R) VIP Balanced Portfolio - Initial Class (1)
Fidelity(R) VIP Contrafund(R) Portfolio - Initial Class
Fidelity(R) VIP Growth Portfolio - Initial Class
Fidelity(R) VIP High Income Portfolio - Initial Class
Fidelity(R) VIP Index 500 Portfolio - Initial Class
Fidelity(R) VIP Investment Grade Bond Portfolio - Initial Class
Fidelity(R) VIP Money Market Portfolio - Initial Class
Fidelity(R) VIP Overseas Portfolio - Initial Class

Franklin Templeton Variable Insurance Products

Trust ("Franklin Templeton"):

Franklin Templeton - Templeton Developing Markets Securities Fund -
Class 2 (1)
Franklin Templeton - Templeton Foreign Securities Fund - Class 2 (1)
Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1
Franklin Templeton - Templeton Growth Securities Fund - Class 2 (1)

Goldman Sachs Variable Insurance Trust:

Goldman Sachs CORE(SM) U.S. Equity Fund (1)
Goldman Sachs International Equity Fund (1)

J.P. Morgan Series Trust II:

JPMorgan Bond Portfolio
JPMorgan Mid Cap Value Portfolio (1)
JPMorgan Small Company Portfolio (1)
JPMorgan U.S. Large Cap Core Equity Portfolio

Merrill Lynch Variable Series Funds, Inc.:

Merrill Lynch Basic Value V.I. Fund - Class I (1)
Merrill Lynch Fundamental Growth V.I. Fund - Class I (1)
Merrill Lynch Government Bond V.I. Fund - Class I (1)
Merrill Lynch Value Opportunities V.I. Fund - Class I (1) (4)

Neuberger Berman Advisers Management Trust

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note A - Organization - Continued

Oppenheimer Variable Account Funds:

Oppenheimer Global Securities Fund/VA - Non-Service Shares
Oppenheimer Main Street Fund/VA - Non-Service Shares

PIMCO Variable Insurance Trust:

PIMCO VIT High Yield Portfolio - Administrative Class (1)
PIMCO VIT Long-Term U.S. Government Portfolio - Administrative Class (1)
PIMCO VIT Real Return Portfolio - Administrative Class
PIMCO VIT Short-Term Portfolio - Administrative Class (1)
PIMCO VIT Total Return Portfolio - Administrative Class (1)

SunAmerica Series Trust ("SunAmerica"):

SunAmerica - Aggressive Growth Portfolio - Class 1
SunAmerica - SunAmerica Balanced Portfolio - Class 1
SunAmerica Alliance Growth Portfolio
SunAmerica Asset Allocation Portfolio (5)
SunAmerica Blue Chip Growth Portfolio
SunAmerica Cash Management Portfolio
SunAmerica Corporate Bond Portfolio
SunAmerica Davis Venture Value Portfolio
SunAmerica "Dogs" of Wall Street Portfolio
SunAmerica Emerging Markets Portfolio
SunAmerica Federated American Leaders Portfolio
SunAmerica Global Bond Portfolio
SunAmerica Global Equities Portfolio (1)
SunAmerica Goldman Sachs Research Portfolio
SunAmerica Growth Opportunities Portfolio
SunAmerica Growth-Income Portfolio
SunAmerica High-Yield Bond Portfolio
SunAmerica International Diversified Equities Portfolio
SunAmerica International Growth and Income Portfolio
SunAmerica Marsico Growth Portfolio

SunAmerica Series Trust ("SunAmerica") - continued:

SunAmerica MFS Massachusetts Investors Trust Portfolio
SunAmerica MFS Mid-Cap Growth Portfolio
SunAmerica MFS Total Return Portfolio
SunAmerica Putnam Growth: Voyager Portfolio
SunAmerica Real Estate Portfolio
SunAmerica Technology Portfolio
SunAmerica Telecom Utility Portfolio
SunAmerica Worldwide High Income Portfolio

The Universal Institutional Funds, Inc. ("UIF"):

UIF Core Plus Fixed Income Portfolio - Class I
UIF Emerging Markets Equity Portfolio - Class I (1)
UIF High Yield Portfolio - Class I (1)
UIF Mid Cap Growth Portfolio - Class I (1)
UIF Money Market Portfolio - Class I
UIF Technology Portfolio - Class I (1)
UIF U.S. Mid Cap Value Portfolio - Class I

VALIC Company I:

VALIC Company I - International Equities Fund (1)
VALIC Company I - Mid Cap Index Fund (1)
VALIC Company I - Small Cap Index Fund

Van Eck Worldwide Insurance Trust ("Van Eck"):

Van Eck Worldwide Emerging Markets Fund
Van Eck Worldwide Hard Assets Fund

Vanguard(R) Variable Insurance Fund ("Vanguard"):

Vanguard(R) VIF Total Bond Market Index Portfolio (1)
Vanguard(R) VIF Total Stock Market Index Portfolio (1)

- (1) Sub-accounts had no activity.
- (2) Effective May 1, 2004, AllianceBernstein Quasar Portfolio - Class A changed its name to AllianceBernstein Small Cap Growth Portfolio - Class A.

- (3) Effective May 1, 2004, Credit Suisse Emerging Growth Portfolio changed its name to Credit Suisse Mid-Cap Growth Portfolio.
- (4) Effective July 26, 2004, Merrill Lynch Small Cap Value V.I. Fund - Class I changed its name to Merrill Lynch Value Opportunities V.I. Fund Class I.
- (5) Effective November 24, 2003, SunAmerica Asset Allocation Portfolio was reorganized into the Anchor Series Trust Asset Allocation Portfolio.

AIG SunAmerica Asset Management Corp., an affiliate of the Company, serves as the investment advisor to Anchor Series Trust and 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 Sub-accounts 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 appropriate policy prospectus and prospectus supplements for a complete description of the available Funds and the fixed account.

VA II - 26

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note A - Organization - Continued

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

Net premiums from the policies are allocated to the Sub-accounts 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.

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

The accompanying financial statements of the Account have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The accounting policies followed by the 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 investment in shares of Funds are stated at the net asset value of the respective portfolios as determined by the Funds, 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 Sub-account(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 Sub-account(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 Account in determining its federal income tax liability. As a result, the 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 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 - The deduction from each premium payment are for state premium taxes and for other expenses associated with selling and distributing the policy. A summary of sales charges for each policy follows:

AIG LIFE INSURANCE COMPANY
 VARIABLE ACCOUNT II
 NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note C - Policy Charges - Continued

<TABLE>
 <CAPTION>

Policies	Sales Charges
<S> Variable Universal Life Policy and Gallery Life	<C> 5% of each premium payment plus the state specific prem taxes.
Executive Advantage	The maximum charge is 9% of each premium payment.
Gemstone Life	5% of each premium payment up to the target premium amount plus 2% of any premium paid in excess of the target premium amount for policy years 1-10. 3% of each premium payment up to the target premium amount plus 2% of any premium paid in excess of the target premium amount beginning in policy year 11. The maximum charge is 8% of each premium payment.
Polaris Life and Polaris Survivorship Life	Currently 5% for the first 10 policy years and 3% thereafter. The maximum charge allowed is 8% of each premium payment.

</TABLE>

Variable Account charges - Daily charges for mortality and expense risks assumed by the Company are assessed through the daily unit value calculation. A summary of the charges by policy follows:

<TABLE>
 <CAPTION>

Policies	Mortality and Expense Risk Current Annual Rate	Mortality and Expense Risk Maximum Annual Rate	Mortality and Expense Risk Minimum Annual Rate in Policy Year 11 and Greater
<S> Variable Universal Life Policy and Gallery Life	<C> 0.90%	<C> 0.90%	<C> 0.50%
Executive Advantage	0.65%	1.00%	N/A
Gemstone Life	0.75%	0.90%	0.35%
Polaris Life and Polaris Survivorship Life	0.75%	0.90%	0.25%

</TABLE>

Other charges paid to the Company by redemption of units outstanding include deductions for administrative charges, acquisition and underwriting charges, cost of insurance, supplemental benefits or riders, transfer fees and surrender charges.

Monthly administrative charges are paid to the Company for the administrative services provided under the current policies.

The Company may deduct an additional monthly expense charge for expenses associated with acquisition and underwriting of your policy.

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 supplemental benefits or 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.

A transfer charge of \$25 may be assessed for each transfer in excess of twelve each 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 is based on a table of charges and the premiums paid under the policy or the face amount of the policy (including increases and decreases in the face amount of the policy). Any partial surrender, the Company may charge a maximum transaction fee per policy equal to the lesser of 2% of the amount withdrawn or \$25.

VA II - 28

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note C - Policy Charges - Continued

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.

VA II - 29

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
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:

Sub-accounts	Cost of Purchases	Proceeds from Sales
AIM V.I. Capital Appreciation Fund - Series I	\$ 59,201	\$ 81,436
AIM V.I. International Growth Fund - Series I	135,900	135,975
AllianceBernstein Global Bond Portfolio - Class A	22,934	12,217
AllianceBernstein Global Dollar Government Portfolio - Class A	22	15
AllianceBernstein Growth and Income Portfolio -Class A	526,583	313,021
AllianceBernstein Growth Portfolio - Class A	219,474	260,113
AllianceBernstein Money Market Portfolio - Class A	435	21,713
AllianceBernstein Premier Growth Portfolio - Class A	261,284	157,938
AllianceBernstein Real Estate Investment Portfolio - Class A	69,316	50,152
AllianceBernstein Small Cap Growth Portfolio - Class A	60,068	29,480
AllianceBernstein Technology Portfolio - Class A	218,920	217,372
AllianceBernstein Total Return Portfolio - Class A	49,406	135,568
AllianceBernstein U.S. Government/High Grade Securities Portfolio - Class A	41	106
AllianceBernstein Utility Income Portfolio - Class A	44,071	47,781
American Century VP Capital Appreciation Fund - Class I	16,890	8,547
American Century VP Income & Growth Fund - Class I	48,891	8,373
American Century VP International Fund - Class I	85,009	20,091
Anchor Series Trust Asset Allocation Portfolio -		

Class 1	75,056	28,299
Anchor Series Trust Capital Appreciation Portfolio - Class 1	832,704	390,835
Anchor Series Trust Government and Quality Bond Portfolio - Class 1	138,937	89,197
Anchor Series Trust Growth Portfolio - Class 1	396,393	339,846
Anchor Series Trust Natural Resources Portfolio - Class 1	220,761	89,345
Dreyfus Stock Index Fund, Inc. - Initial shares	885,641	1,136,166
Dreyfus VIF Small Company Stock Portfolio - Initial shares	371,336	161,168
Fidelity VIP Asset Manager Portfolio - Initial Class	193,828	271,650
Fidelity VIP Contrafund Portfolio - Initial Class	442,911	164,842
Fidelity VIP Growth Portfolio - Initial Class	381,423	434,732
Fidelity VIP High Income Portfolio - Initial Class	101,589	51,425
Fidelity VIP Index 500 Portfolio - Initial Class	394,962	50,161
Fidelity VIP Investment Grade Bond Portfolio - Initial Class	186,585	195,007
Fidelity VIP Money Market Portfolio - Initial Class	734,422	865,056
Fidelity VIP Overseas Portfolio - Initial Class	55,303	97,379
Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	119,854	91,900
JPMorgan Bond Portfolio	37,010	75,804
JPMorgan U.S. Large Cap Core Equity Portfolio	14,712	14,416
Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	9,861	2,079
Neuberger Berman AMT Partners Portfolio - Class I	12,960	141,572
Oppenheimer Global Securities Fund/VA - Non-Service Shares	92,595	35,419
Oppenheimer Main Street Fund/VA - Non-Service Shares	117,639	94,772
PIMCO VIT Real Return Portfolio - Administrative Class	211,837	1,759
SunAmerica - Aggressive Growth Portfolio - Class 1	272,100	200,195
SunAmerica - SunAmerica Balanced Portfolio - Class 1	257,663	131,671
SunAmerica Alliance Growth Portfolio	472,385	497,975
SunAmerica Blue Chip Growth Portfolio	32,781	9,103
SunAmerica Cash Management Portfolio	584,271	1,222,357
SunAmerica Corporate Bond Portfolio	94,929	31,800
SunAmerica Davis Venture Value Portfolio	635,831	594,202
SunAmerica "Dogs" of Wall Street Portfolio	192,853	31,358
SunAmerica Emerging Markets Portfolio	108,087	150,500
SunAmerica Federated American Leaders Portfolio	45,853	58,007
SunAmerica Global Bond Portfolio	145,250	140,323
SunAmerica Global Equities Portfolio	121,275	112,095

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:

Sub-accounts	Cost of Purchases	Proceeds from Sales
SunAmerica Goldman Sachs Research Portfolio	\$ 2,481	\$ 2,968
SunAmerica Growth Opportunities Portfolio	15,674	11,451
SunAmerica Growth-Income Portfolio	481,065	570,174
SunAmerica High-Yield Bond Portfolio	39,270	31,354
SunAmerica International Diversified Equities Portfolio	246,946	216,797
SunAmerica International Growth and Income Portfolio	323,743	194,904
SunAmerica Marsico Growth Portfolio	78,544	110,294
SunAmerica MFS Massachusetts Investors Trust Portfolio	78,948	143,979
SunAmerica MFS Mid-Cap Growth Portfolio	405,113	186,454
SunAmerica MFS Total Return Portfolio	318,191	245,083
SunAmerica Putnam Growth: Voyager Portfolio	158,467	211,548
SunAmerica Real Estate Portfolio	257,598	76,458
SunAmerica Technology Portfolio	81,137	72,287
SunAmerica Telecom Utility Portfolio	21,536	10,195
SunAmerica Worldwide High Income Portfolio	15,766	7,444
UIF Core Plus Fixed Income Portfolio - Class I	66,481	112,573
UIF Money Market Portfolio - Class I	941,509	1,013,706
UIF U.S. Mid Cap Value Portfolio - Class I	141,273	8,132
VALIC Company I - Small Cap Index Fund	363,883	3,311
Van Eck Worldwide Emerging Markets Fund	43,979	64,912
Van Eck Worldwide Hard Assets Fund	67,747	6,911

VA II - 31

Note E - Investments

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

<TABLE>
<CAPTION>

Sub-accounts	Shares	Net Asset Value	Value of Shares at Fair Value	Cost of Shares Held
<S>	<C>	<C>	<C>	<C>
AIM V.I. Capital Appreciation Fund - Series I	28,071	\$ 22.69	\$ 636,924	\$ 667,165
AIM V.I. International Growth Fund - Series I	44,283	19.77	875,477	771,145
AllianceBernstein Global Bond Portfolio - Class A	4,784	13.63	65,211	60,108
AllianceBernstein Global				

Dollar Government Portfolio - Class A	22	14.79	324	223
AllianceBernstein Growth and Income Portfolio - Class A	152,492	24.08	3,672,016	3,198,931
AllianceBernstein Growth Portfolio - Class A	178,039	18.30	3,258,112	3,907,133
AllianceBernstein Money Market Portfolio - Class A	38,558	1.00	38,558	38,558
AllianceBernstein Premier Growth Portfolio - Class A	59,018	23.44	1,383,392	1,451,324
AllianceBernstein Real Estate Investment Portfolio - Class A	24,274	20.66	501,498	306,532
AllianceBernstein Small Cap Growth Portfolio - Class A	49,527	11.65	576,994	529,119
AllianceBernstein Technology Portfolio - Class A	111,563	15.27	1,703,562	2,168,959
AllianceBernstein Total Return Portfolio - Class A	15,731	18.94	297,951	273,252
AllianceBernstein U.S. Government/High Grade Securities Portfolio - Class A	55	12.28	674	662
AllianceBernstein Utility Income Portfolio - Class A	11,037	18.17	200,545	174,274
American Century VP Capital Appreciation Fund - Class I	10,700	7.66	81,959	74,388
American Century VP Income & Growth Fund - Class I	30,562	7.32	223,717	187,461
American Century VP International Fund - Class I	35,457	7.35	260,610	211,464
Anchor Series Trust Asset Allocation Portfolio - Class 1	25,928	14.72	381,742	346,333
Anchor Series Trust Capital Appreciation Portfolio - Class 1	111,659	33.05	3,690,118	3,228,304
Anchor Series Trust Government and Quality Bond Portfolio - Class 1	60,884	14.98	912,056	933,424
Anchor Series Trust Growth Portfolio - Class 1	60,548	27.56	1,668,619	1,477,729
Anchor Series Trust Natural Resources Portfolio - Class 1	21,839	31.37	685,207	479,154
Dreyfus Stock Index Fund, Inc. - Initial shares	209,308	30.89	6,465,538	6,062,958
Dreyfus VIF Small Company Stock Portfolio - Initial shares	62,036	22.66	1,405,727	1,159,379
Fidelity VIP Asset Manager Portfolio - Initial Class	99,690	14.85	1,480,392	1,414,253
Fidelity VIP Contrafund Portfolio - Initial Class	91,112	26.62	2,425,405	2,006,400
Fidelity VIP Growth Portfolio - Initial Class	130,667	32.01	4,182,661	5,021,526
Fidelity VIP High Income Portfolio - Initial Class	91,340	7.00	639,378	643,473
Fidelity VIP Index 500 Portfolio - Initial Class	3,848	137.75	530,116	478,943
Fidelity VIP Investment Grade Bond Portfolio - Initial Class	79,389	13.25	1,051,902	1,020,918
Fidelity VIP Money Market Portfolio - Initial Class	2,700,981	1.00	2,700,981	2,700,981
Fidelity VIP Overseas Portfolio - Initial Class	30,792	17.52	539,482	532,498
Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	10,201	21.11	215,348	182,168
JPMorgan Bond Portfolio	9,211	12.17	112,100	110,968
JPMorgan U.S. Large Cap Core Equity Portfolio	5,125	13.59	69,650	61,394
Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	3,983	12.82	51,058	52,886
Neuberger Berman AMT Partners Portfolio - Class I	25,784	18.32	472,365	310,614
Oppenheimer Global Securities Fund/VA - Non-Service Shares	16,220	29.51	478,652	354,615

Oppenheimer Main Street Fund/VA - Non-Service Shares	28,410	20.84	592,059	509,187
PIMCO VIT Real Return Portfolio - Administrative Class	16,190	12.92	209,174	210,090
SunAmerica - Aggressive Growth Portfolio - Class 1	192,971	10.19	1,966,322	2,008,061
SunAmerica - SunAmerica Balanced Portfolio - Class 1	98,362	14.00	1,376,690	1,373,045
SunAmerica Alliance Growth Portfolio	179,319	18.87	3,384,082	3,791,870
SunAmerica Blue Chip Growth Portfolio	16,768	6.41	107,456	97,190
SunAmerica Cash Management Portfolio	252,582	10.68	2,697,266	2,749,733
SunAmerica Corporate Bond Portfolio	38,432	11.96	459,531	440,890
SunAmerica Davis Venture Value Portfolio	112,609	26.12	2,941,089	2,443,537
SunAmerica "Dogs" of Wall Street Portfolio	37,660	10.70	403,134	365,223
SunAmerica Emerging Markets Portfolio	73,845	11.50	849,391	550,806
SunAmerica Federated American Leaders Portfolio	21,701	16.33	354,376	309,745
SunAmerica Global Bond Portfolio	52,343	11.60	607,337	578,809

</TABLE>

VA II - 32

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note E - Investments - Continued

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

<TABLE>

<CAPTION>

Sub-accounts	Shares	Net Asset Value	Value of Shares at Fair Value	Cost of Shares Held
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
SunAmerica Global Equities Portfolio	49,880	\$11.54	\$ 575,379	\$ 568,446
SunAmerica Goldman Sachs Research Portfolio	3,080	7.43	22,902	17,997
SunAmerica Growth Opportunities Portfolio	20,863	5.09	106,180	92,301
SunAmerica Growth-Income Portfolio	105,802	23.89	2,527,607	2,374,461
SunAmerica High-Yield Bond Portfolio	25,985	7.25	188,274	160,111
SunAmerica International Diversified Equities Portfolio	72,827	7.84	571,128	484,761
SunAmerica International Growth and Income Portfolio	79,542	11.96	951,467	822,654
SunAmerica Marsico Growth Portfolio	46,342	11.08	513,561	410,609
SunAmerica MFS Massachusetts Investors Trust Portfolio	50,450	11.59	584,613	548,930
SunAmerica MFS Mid-Cap Growth Portfolio	283,983	9.07	2,574,807	2,670,056
SunAmerica MFS Total Return Portfolio	62,975	17.73	1,116,698	982,899
SunAmerica Putnam Growth: Voyager Portfolio	67,973	14.63	994,236	1,091,681
SunAmerica Real Estate Portfolio	45,961	19.75	907,837	597,089
SunAmerica Technology Portfolio	49,038	2.63	128,825	124,935
SunAmerica Telecom Utility Portfolio	13,497	8.75	118,043	131,888
SunAmerica Worldwide High				

Income Portfolio	9,787	7.67	75,080	75,848
UIF Core Plus Fixed Income Portfolio - Class I	15,185	11.56	175,541	173,570
UIF Money Market Portfolio - Class I	105,181	1.00	105,181	105,181
UIF U.S. Mid Cap Value Portfolio - Class I	28,087	16.99	477,198	362,155
VALIC Company I - Small Cap Index Fund	25,894	16.04	415,340	360,790
Van Eck Worldwide Emerging Markets Fund	17,264	15.21	262,590	170,746
Van Eck Worldwide Hard Assets Fund	9,361	18.36	171,863	126,191

</TABLE>

VA II - 33

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note F - Summary of Changes in Units

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

Sub-accounts	Accumulation Units Issued	Accumulation Units Redeemed	Net Increase (Decrease)
1 AIM V.I. Capital Appreciation Fund - Series I	7,037	(8,677)	(1,640)
6 AIM V.I. Capital Appreciation Fund - Series I	4,259	(4,020)	239
1 AIM V.I. International Growth Fund - Series I	7,577	(9,109)	(1,532)
6 AIM V.I. International Growth Fund - Series I	4,633	(2,531)	2,102
1 AllianceBernstein Global Bond Portfolio - Class A	1,638	(1,093)	545
2 AllianceBernstein Global Dollar Government Portfolio - Class A	--	--	--
3 AllianceBernstein Growth and Income Portfolio - Class A	11,301	(12,764)	(1,463)
5 AllianceBernstein Growth and Income Portfolio - Class A	19,427	(703)	18,724
3 AllianceBernstein Growth Portfolio - Class A	18,387	(19,039)	(652)
2 AllianceBernstein Money Market Portfolio - Class A	38	(1,836)	(1,798)
1 AllianceBernstein Premier Growth Portfolio - Class A	10,420	(10,051)	369
2 AllianceBernstein Premier Growth Portfolio - Class A	153	(55)	98
5 AllianceBernstein Premier Growth Portfolio - Class A	8,237	(404)	7,833
6 AllianceBernstein Premier Growth Portfolio - Class A	11,644	(9,257)	2,387
2 AllianceBernstein Real Estate Investment Portfolio - Class A	--	(24)	(24)
6 AllianceBernstein Real Estate Investment Portfolio - Class A	2,769	(2,155)	614
1 AllianceBernstein Small Cap Growth Portfolio - Class A	6,999	(3,895)	3,104
2 AllianceBernstein Small Cap Growth Portfolio - Class A	198	(32)	166
3 AllianceBernstein Technology Portfolio - Class A	18,475	(19,298)	(823)
6 AllianceBernstein Technology Portfolio - Class A	13,461	(9,352)	4,109
1 AllianceBernstein Total Return Portfolio - Class A	3,841	(11,843)	(8,002)
2 AllianceBernstein Total Return Portfolio - Class A	--	(50)	(50)
2 AllianceBernstein U.S. Government/High Grade Securities Portfolio -			

Class A	--	(7)	(7)
2 AllianceBernstein Utility Income Portfolio - Class A	--	(6)	(6)
6 AllianceBernstein Utility Income Portfolio - Class A	3,259	(4,391)	(1,132)
6 American Century VP Capital Appreciation Fund - Class I	2,841	(1,484)	1,357
6 American Century VP Income & Growth Fund - Class I	6,518	(2,322)	4,196
5 American Century VP International Fund - Class I	5,566	(311)	5,255
4 Anchor Series Trust Asset Allocation Portfolio - Class 1	7,594	(4,189)	3,405
4 Anchor Series Trust Capital Appreciation Portfolio - Class 1	69,709	(35,268)	34,441
6 Anchor Series Trust Capital Appreciation Portfolio - Class 1	19,468	(11,491)	7,977
4 Anchor Series Trust Government and Quality Bond Portfolio - Class 1	10,269	(9,231)	1,038
4 Anchor Series Trust Growth Portfolio - Class 1	29,606	(26,080)	3,526
6 Anchor Series Trust Growth Portfolio - Class 1	10,186	(6,615)	3,571
4 Anchor Series Trust Natural Resources Portfolio - Class 1	6,394	(2,020)	4,374
6 Anchor Series Trust Natural Resources Portfolio - Class 1	3,657	(2,300)	1,357
1 Dreyfus Stock Index Fund, Inc. - Initial shares	24,041	(25,942)	(1,901)
6 Dreyfus Stock Index Fund, Inc. - Initial shares	56,340	(89,744)	(33,404)
1 Dreyfus VIF Small Company Stock Portfolio - Initial shares	9,653	(4,421)	5,232
6 Dreyfus VIF Small Company Stock Portfolio - Initial shares	11,151	(5,142)	6,009
1 Fidelity VIP Asset Manager Portfolio - Initial Class	6,175	(13,617)	(7,442)
6 Fidelity VIP Asset Manager Portfolio - Initial Class	6,030	(3,240)	2,790
1 Fidelity VIP Contrafund Portfolio - Initial Class	8,225	(8,615)	(390)
5 Fidelity VIP Contrafund Portfolio - Initial Class	18,237	(705)	17,532
6 Fidelity VIP Contrafund Portfolio - Initial Class	12,549	(6,496)	6,053
1 Fidelity VIP Growth Portfolio - Initial Class	23,897	(28,645)	(4,748)
6 Fidelity VIP Growth Portfolio - Initial Class	14,532	(7,306)	7,226
1 Fidelity VIP High Income Portfolio - Initial Class	4,514	(3,816)	698
6 Fidelity VIP High Income Portfolio - Initial Class	1,432	(1,508)	(76)
5 Fidelity VIP Index 500 Portfolio - Initial Class	27,197	(381)	26,816
1 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	3,660	(10,201)	(6,541)

VA II - 34

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
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>

Sub-accounts	Accumulation Units Issued	Accumulation Units Redeemed	Net Increase (Decrease)
<S>	<C>	<C>	<C>
6 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	5,223	(2,455)	2,768
1 Fidelity VIP Money Market Portfolio - Initial Class	7,783	(19,934)	(12,151)
6 Fidelity VIP Money Market Portfolio - Initial Class	35,797	(33,695)	2,102
1 Fidelity VIP Overseas Portfolio - Initial Class	3,955	(7,200)	(3,245)
6 Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	4,504	(2,340)	2,164
6 JPMorgan Bond Portfolio	1,523	(5,371)	(3,848)
6 JPMorgan U.S. Large Cap Core Equity Portfolio	1,724	(1,682)	42
6 Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	1,117	(575)	542
6 Neuberger Berman AMT Partners Portfolio - Class I	981	(13,167)	(12,186)
6 Oppenheimer Global Securities Fund/VA - Non- Service Shares	12,612	(6,096)	6,516
6 Oppenheimer Main Street Fund/VA - Non-Service Shares	9,079	(6,457)	2,622
5 PIMCO VIT Real Return Portfolio - Administrative Class	19,598	(133)	19,465
4 SunAmerica - Aggressive Growth Portfolio - Class 1	42,951	(35,388)	7,563
6 SunAmerica - Aggressive Growth Portfolio - Class 1	10,667	(8,725)	1,942
4 SunAmerica - SunAmerica Balanced Portfolio - Class 1	28,645	(14,259)	14,386
6 SunAmerica - SunAmerica Balanced Portfolio - Class 1	7,255	(8,364)	(1,109)
4 SunAmerica Alliance Growth Portfolio	100,708	(104,719)	(4,011)
6 SunAmerica Alliance Growth Portfolio	12,920	(10,918)	2,002
4 SunAmerica Blue Chip Growth Portfolio	6,089	(1,986)	4,103
4 SunAmerica Cash Management Portfolio	39,834	(97,458)	(57,624)
4 SunAmerica Corporate Bond Portfolio	6,565	(3,305)	3,260
4 SunAmerica Davis Venture Value Portfolio	35,031	(32,414)	2,617
4 SunAmerica "Dogs" of Wall Street Portfolio	17,288	(3,219)	14,069
4 SunAmerica Emerging Markets Portfolio	12,678	(16,889)	(4,211)
4 SunAmerica Federated American Leaders Portfolio	6,388	(7,799)	(1,411)
4 SunAmerica Global Bond Portfolio	10,924	(2,218)	8,706
6 SunAmerica Global Bond Portfolio	562	(9,820)	(9,258)
4 SunAmerica Global Equities Portfolio	19,324	(18,039)	1,285
4 SunAmerica Goldman Sachs Research Portfolio	515	(572)	(57)
4 SunAmerica Growth Opportunities Portfolio	4,255	(3,165)	1,090
4 SunAmerica Growth-Income Portfolio	41,428	(57,199)	(15,771)
6 SunAmerica Growth-Income Portfolio	20,707	(14,220)	6,487
4 SunAmerica High-Yield Bond Portfolio	2,461	(3,037)	(576)
4 SunAmerica International Diversified Equities Portfolio	21,294	(16,804)	4,490
4 SunAmerica International			

Growth and Income Portfolio	37,126	(25,281)	11,845
6 SunAmerica Marsico Growth Portfolio	7,756	(10,783)	(3,027)
4 SunAmerica MFS Massachusetts Investors Trust Portfolio	11,799	(19,854)	(8,055)
4 SunAmerica MFS Mid-Cap Growth Portfolio	48,184	(26,451)	21,733
6 SunAmerica MFS Mid-Cap Growth Portfolio	32,913	(26,889)	6,024
4 SunAmerica MFS Total Return Portfolio	23,705	(17,880)	5,825
4 SunAmerica Putnam Growth: Voyager Portfolio	33,476	(40,609)	(7,133)
4 SunAmerica Real Estate Portfolio	13,510	(3,448)	10,062
4 SunAmerica Technology Portfolio	17,626	(13,631)	3,995
4 SunAmerica Telecom Utility Portfolio	4,108	(3,068)	1,040
4 SunAmerica Worldwide High Income Portfolio	974	(630)	344
5 UIF Core Plus Fixed Income Portfolio - Class I	5,634	(10,415)	(4,781)
5 UIF Money Market Portfolio - Class I	94,631	(101,857)	(7,226)
5 UIF U.S. Mid Cap Value Portfolio - Class I	9,850	(483)	9,367
5 VALIC Company I - Small Cap Index Fund	29,319	(199)	29,120
1 Van Eck Worldwide Emerging Markets Fund	1,480	(3,151)	(1,671)
1 Van Eck Worldwide Hard Assets Fund	4,773	(506)	4,267

</TABLE>

VA II - 35

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note F - Summary of Changes in Units - Continued

Footnotes

- 1 Variable Universal Life Policy product.
- 2 Gallery Life product.
- 3 Variable Universal Life Policy product or Gallery Life product.
- 4 Polaris product or Polaris Survivorship product.
- 5 Executive Advantage product.
- 6 Gemstone Life product.

VA II - 36

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
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.

<TABLE>
<CAPTION>

Sub-accounts	Accumulation Units Issued	Accumulation Units Redeemed	Net Increase (Decrease)
<S>	<C>	<C>	<C>
1 AIM V.I. Capital Appreciation Fund - Series I	8,405	(7,272)	1,133
6 AIM V.I. Capital Appreciation Fund - Series I	7,371	(4,073)	3,298
1 AIM V.I. International Growth Fund - Series I	13,889	(18,120)	(4,231)
6 AIM V.I. International Growth Fund - Series I	5,024	(3,497)	1,527

1	AllianceBernstein Global Bond Portfolio - Class A	873	15	888
2	AllianceBernstein Global Dollar Government Portfolio - Class A	--	(1)	(1)
3	AllianceBernstein Growth and Income Portfolio - Class A	19,081	(32,391)	(13,310)
5	AllianceBernstein Growth and Income Portfolio - Class A	9,841	(533)	9,308
3	AllianceBernstein Growth Portfolio - Class A	32,551	(37,255)	(4,704)
2	AllianceBernstein Money Market Portfolio - Class A	1,349	(31,981)	(30,632)
1	AllianceBernstein Premier Growth Portfolio - Class A	15,119	(12,448)	2,671
2	AllianceBernstein Premier Growth Portfolio - Class A	184	(68)	116
5	AllianceBernstein Premier Growth Portfolio - Class A	8,464	(289)	8,175
6	AllianceBernstein Premier Growth Portfolio - Class A	15,597	(4,735)	10,862
2	AllianceBernstein Real Estate Investment Portfolio - Class A	--	(28)	(28)
6	AllianceBernstein Real Estate Investment Portfolio - Class A	5,240	(3,283)	1,957
1	AllianceBernstein Small Cap Growth Portfolio - Class A	9,343	(5,909)	3,434
2	AllianceBernstein Small Cap Growth Portfolio - Class A	263	(46)	217
3	AllianceBernstein Technology Portfolio - Class A	27,184	(39,853)	(12,669)
6	AllianceBernstein Technology Portfolio - Class A	17,311	(8,272)	9,039
1	AllianceBernstein Total Return Portfolio - Class A	5,349	(2,639)	2,710
2	AllianceBernstein Total Return Portfolio - Class A	--	(55)	(55)
2	AllianceBernstein U.S. Government/High Grade Securities Portfolio - Class A	--	(7)	(7)
2	AllianceBernstein Utility Income Portfolio - Class A	--	(6)	(6)
6	AllianceBernstein Utility Income Portfolio - Class A	5,951	(3,490)	2,461
6	American Century VP Capital Appreciation Fund - Class I	4,925	(3,972)	953
6	American Century VP Income & Growth Fund - Class I	5,065	(2,745)	2,320
5	American Century VP International Fund - Class I	9,851	(200)	9,651
4	Anchor Series Trust Asset Allocation Portfolio - Class 1	28,482	(850)	27,632
4	Anchor Series Trust Capital Appreciation Portfolio - Class 1	71,628	(49,343)	22,285
6	Anchor Series Trust Capital Appreciation Portfolio - Class 1	22,595	(18,712)	3,883
4	Anchor Series Trust Government and Quality Bond Portfolio - Class 1	11,779	(12,519)	(740)
4	Anchor Series Trust Growth			

Portfolio - Class 1	33,415	(35,209)	(1,794)
6 Anchor Series Trust Growth Portfolio - Class 1	10,604	(3,667)	6,937
4 Anchor Series Trust Natural Resources Portfolio - Class 1	2,627	(1,638)	989
6 Anchor Series Trust Natural Resources Portfolio - Class 1	3,529	(2,651)	878
1 Dreyfus Stock Index Fund, Inc. - Initial shares	41,623	(49,952)	(8,329)
6 Dreyfus Stock Index Fund, Inc. - Initial shares	72,418	(57,252)	15,166
1 Dreyfus VIF Small Company Stock Portfolio - Initial shares	6,257	(6,142)	115
6 Dreyfus VIF Small Company Stock Portfolio - Initial shares	12,265	(7,498)	4,767
1 Fidelity VIP Asset Manager Portfolio - Initial Class	11,988	(21,081)	(9,093)
6 Fidelity VIP Asset Manager Portfolio - Initial Class	6,408	(2,872)	3,536
1 Fidelity VIP Contrafund Portfolio - Initial Class	9,458	(14,533)	(5,075)
5 Fidelity VIP Contrafund Portfolio - Initial Class	15,857	(433)	15,424
6 Fidelity VIP Contrafund Portfolio - Initial Class	13,373	(623)	12,750
1 Fidelity VIP Growth Portfolio - Initial Class	39,115	(51,292)	(12,177)
6 Fidelity VIP Growth Portfolio - Initial Class	19,766	(9,667)	10,099
1 Fidelity VIP High Income Portfolio - Initial Class	5,512	3,064	8,576
6 Fidelity VIP High Income Portfolio - Initial Class	1,862	(1,539)	323
5 Fidelity VIP Index 500 Portfolio - Initial Class	8,299	(901)	7,398
1 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	5,564	(2,352)	3,212
6 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	4,434	(4,910)	(476)
1 Fidelity VIP Money Market Portfolio - Initial Class	12,281	(20,609)	(8,328)
6 Fidelity VIP Money Market Portfolio - Initial Class	38,350	(62,333)	(23,983)

</TABLE>

VA II - 37

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
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.

<TABLE>

<CAPTION>

Sub-accounts	Accumulation Units Issued	Accumulation Units Redeemed	Net Increase (Decrease)
<S>	<C>	<C>	<C>
1 Fidelity VIP Overseas Portfolio - Initial Class	8,127	(6,023)	2,104
6 Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	5,460	(3,816)	1,644
6 JPMorgan Bond Portfolio	3,923	(1,978)	1,945
6 JPMorgan U.S. Large Cap Core Equity Portfolio	2,198	(703)	1,495
6 Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	721	(886)	(165)
6 Neuberger Berman AMT Partners Portfolio -			

Class I	18,180	(10,260)	7,920
6 Oppenheimer Global Securities Fund/VA - Non-Service Shares	10,391	(3,121)	7,270
6 Oppenheimer Main Street Fund/VA - Non-Service Shares	15,160	(10,673)	4,487
4 SunAmerica - Aggressive Growth Portfolio - Class 1	63,384	(54,768)	8,616
6 SunAmerica - Aggressive Growth Portfolio - Class 1	13,733	(7,039)	6,694
4 SunAmerica - SunAmerica Balanced Portfolio - Class 1	29,688	(31,346)	(1,658)
6 SunAmerica - SunAmerica Balanced Portfolio - Class 1	11,383	(8,249)	3,134
4 SunAmerica Alliance Growth Portfolio	138,165	(124,514)	13,651
6 SunAmerica Alliance Growth Portfolio	17,460	(14,909)	2,551
4 SunAmerica Asset Allocation Portfolio	6,543	(33,030)	(26,487)
4 SunAmerica Blue Chip Growth Portfolio	4,141	(1,232)	2,909
4 SunAmerica Cash Management Portfolio	62,932	(183,542)	(120,610)
4 SunAmerica Corporate Bond Portfolio	5,194	191	5,385
4 SunAmerica Davis Venture Value Portfolio	44,558	(36,714)	7,844
4 SunAmerica "Dogs" of Wall Street Portfolio	7,989	(6,534)	1,455
4 SunAmerica Emerging Markets Portfolio	18,413	(16,868)	1,545
4 SunAmerica Federated American Leaders Portfolio	10,534	(16,814)	(6,280)
4 SunAmerica Global Bond Portfolio	2,804	(763)	2,041
6 SunAmerica Global Bond Portfolio	17,726	(18,575)	(849)
4 SunAmerica Global Equities Portfolio	23,388	(20,672)	2,716
4 SunAmerica Goldman Sachs Research Portfolio	1,392	(1,204)	188
4 SunAmerica Growth Opportunities Portfolio	11,750	(349)	11,401
4 SunAmerica Growth-Income Portfolio	49,781	(34,797)	14,984
6 SunAmerica Growth-Income Portfolio	27,736	(13,777)	13,959
4 SunAmerica High-Yield Bond Portfolio	3,086	(2,417)	669
4 SunAmerica International Diversified Equities Portfolio	19,282	(14,633)	4,649
4 SunAmerica International Growth and Income Portfolio	21,442	(15,919)	5,523
6 SunAmerica Marsico Growth Portfolio	15,204	(11,049)	4,155
4 SunAmerica MFS Massachusetts Investors Trust Portfolio	19,024	(16,000)	3,024
4 SunAmerica MFS Mid-Cap Growth Portfolio	65,498	(41,017)	24,481
6 SunAmerica MFS Mid-Cap Growth Portfolio	41,941	(16,034)	25,907
4 SunAmerica MFS Total Return Portfolio	20,666	(15,501)	5,165
4 SunAmerica Putnam Growth: Voyager Portfolio	42,295	(39,971)	2,324
4 SunAmerica Real Estate Portfolio	7,072	(937)	6,135
4 SunAmerica Technology Portfolio	27,969	200	28,169
4 SunAmerica Telecom Utility Portfolio	4,683	(3,587)	1,096
4 SunAmerica Worldwide High Income Portfolio	907	(206)	701

5	UIF Core Plus Fixed Income Portfolio - Class I	13,823	(262)	13,561
5	UIF Money Market Portfolio - Class I	33,959	(23,530)	10,429
5	UIF U.S. Mid Cap Value Portfolio - Class I	10,687	(373)	10,314
1	Van Eck Worldwide Emerging Markets Fund	6,102	(4,342)	1,760
1	Van Eck Worldwide Hard Assets Fund	775	(299)	476

</TABLE>

Footnotes

- 1 Variable Universal Life Policy product.
- 2 Gallery Life product.
- 3 Variable Universal Life Policy product or Gallery Life product.
- 4 Polaris product or Polaris Survivorship product.
- 5 Executive Advantage product.
- 6 Gemstone Life product.

VA II - 38

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
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 sub-accounts) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

Sub-accounts	Units	Unit Value	Net Assets	Investment Income Ratio (a)	Expense Ratio (b)	Total Return (c)
-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2004						
1 AIM V.I. Capital Appreciation Fund - Series I	41,856	\$11.13	\$ 465,833	0.00%	0.90%	5.67%
6 AIM V.I. Capital Appreciation Fund - Series I	22,503	7.60	171,091	0.00%	0.75%	5.83%
1 AIM V.I. International Growth Fund - Series I	50,235	12.91	648,572	0.64%	0.90%	22.89%
6 AIM V.I. International Growth Fund - Series I	22,104	10.27	226,905	0.64%	0.75%	23.08%
1 AllianceBernstein Global Bond Portfolio - Class A	4,488	14.53	65,216	6.19%	0.90%	8.65%
2 AllianceBernstein Global Dollar Government Portfolio - Class A	17	19.44	326	7.01%	0.90%	9.13%
3 AllianceBernstein Growth and Income Portfolio - Class A	105,864	28.51	3,018,341	0.89%	0.90%	10.46%
5 AllianceBernstein Growth and Income Portfolio - Class A	44,824	14.58	653,664	0.95%	0.65%	10.74%
3 AllianceBernstein Growth Portfolio - Class A	162,219	20.08	3,258,112	0.00%	0.90%	13.71%
2 AllianceBernstein Money Market Portfolio - Class A	3,284	11.75	38,591	0.65%	0.90%	-0.18%
1 AllianceBernstein Premier Growth Portfolio - Class A	53,387	12.15	648,589	0.00%	0.90%	7.65%
2 AllianceBernstein Premier Growth Portfolio - Class A	1,410	12.46	17,575	0.00%	0.90%	7.65%
5 AllianceBernstein Premier Growth Portfolio - Class A	23,746	12.88	305,936	0.00%	0.65%	7.92%
6 AllianceBernstein Premier Growth Portfolio - Class A	57,618	7.14	411,292	0.00%	0.75%	7.81%
2 AllianceBernstein Real						

	Estate Investment Portfolio - Class A	196	19.92	3,902	2.24%	0.90%	34.41%
6	AllianceBernstein Real Estate Investment Portfolio - Class A	24,007	20.73	497,595	2.16%	0.75%	34.61%
1	AllianceBernstein Small Cap Growth Portfolio - Class A**	47,191	11.99	565,796	0.00%	0.90%	13.53%
2	AllianceBernstein Small Cap Growth Portfolio - Class A**	1,157	9.68	11,199	0.00%	0.90%	13.53%
3	AllianceBernstein Technology Portfolio - Class A	91,589	15.18	1,390,617	0.00%	0.90%	4.51%
6	AllianceBernstein Technology Portfolio - Class A	50,957	6.14	312,944	0.00%	0.75%	4.67%
1	AllianceBernstein Total Return Portfolio - Class A	24,441	11.95	292,103	2.47%	0.90%	8.10%
2	AllianceBernstein Total Return Portfolio - Class A	356	16.42	5,848	2.19%	0.90%	8.10%
2	AllianceBernstein U.S. Government/High Grade Securities Portfolio - Class A	47	14.31	672	2.88%	0.90%	2.84%
2	AllianceBernstein Utility Income Portfolio - Class A	38	16.41	624	2.13%	0.90%	23.21%
6	AllianceBernstein Utility Income Portfolio - Class A	22,189	9.01	199,908	1.94%	0.75%	23.40%
6	American Century VP Capital Appreciation Fund - Class I	11,254	7.28	81,959	0.00%	0.75%	6.78%
6	American Century VP Income & Growth Fund - Class I	21,832	10.25	223,717	1.23%	0.75%	12.15%
5	American Century VP International Fund - Class I	19,319	13.49	260,619	0.51%	0.65%	14.18%
4	Anchor Series Trust Asset Allocation Portfolio - Class 1	31,037	12.30	381,745	2.79%	0.75%	9.51%
4	Anchor Series Trust Capital Appreciation Portfolio - Class 1	240,227	12.22	2,934,964	0.00%	0.75%	8.30%
6	Anchor Series Trust Capital Appreciation Portfolio - Class 1	83,646	9.03	755,154	0.00%	0.75%	8.30%
4	Anchor Series Trust Government and Quality Bond Portfolio - Class 1	68,089	13.40	912,051	4.68%	0.75%	2.64%
4	Anchor Series Trust Growth Portfolio - Class 1	114,459	10.87	1,244,228	0.57%	0.75%	10.03%
6	Anchor Series Trust Growth Portfolio - Class 1	45,562	9.31	424,393	0.57%	0.75%	10.03%
4	Anchor Series Trust Natural Resources Portfolio - Class 1	14,263	25.11	358,142	0.77%	0.75%	24.11%
6	Anchor Series Trust Natural Resources Portfolio - Class 1	16,443	19.89	327,059	0.77%	0.75%	24.11%
1	Dreyfus Stock Index Fund, Inc. - Initial shares	200,562	22.19	4,450,084	1.78%	0.90%	9.65%
6	Dreyfus Stock Index Fund, Inc. - Initial shares	218,882	9.21	2,015,453	1.81%	0.75%	9.81%
1	Dreyfus VIF Small Company Stock Portfolio - Initial shares	47,249	14.71	695,019	0.00%	0.90%	17.46%
6	Dreyfus VIF Small Company Stock Portfolio - Initial shares	53,922	13.18	710,706	0.00%	0.75%	17.63%
1	Fidelity VIP Asset Manager Portfolio - Initial Class	64,555	18.74	1,209,626	2.76%	0.90%	4.52%
6	Fidelity VIP Asset Manager Portfolio - Initial Class	25,774	10.51	270,766	2.76%	0.75%	4.68%
1	Fidelity VIP Contrafund Portfolio - Initial Class	62,149	16.81	1,044,492	0.32%	0.90%	14.44%
5	Fidelity VIP Contrafund Portfolio - Initial Class	43,335	14.60	632,487	0.31%	0.65%	14.73%
6	Fidelity VIP Contrafund Portfolio - Initial Class	64,467	11.61	748,429	0.32%	0.75%	14.61%
1	Fidelity VIP Growth						

6	Fidelity VIP Growth Portfolio - Initial Class	192,660	19.26	3,710,779	0.26%	0.90%	2.45%
1	Fidelity VIP High Income Portfolio - Initial Class	62,017	7.61	471,880	0.26%	0.75%	2.61%
6	Fidelity VIP High Income Portfolio - Initial Class	35,723	12.79	456,984	7.92%	0.90%	8.61%
6	Fidelity VIP High Income Portfolio - Initial Class	14,920	12.22	182,394	7.92%	0.75%	8.77%

VA II - 39

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
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 sub-accounts) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>
<CAPTION>

Sub-accounts	Units	Unit Value	Net Assets	Investment Income Ratio (a)	Expense Ratio (b)	Total Return (c)	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	
2004 - Continued							
5	Fidelity VIP Index 500 Portfolio - Initial Class	37,848	\$14.01	\$ 530,116	0.50%	0.65%	9.90%
1	Fidelity VIP Investment Grade Bond Portfolio - Initial Class	42,968	16.91	726,746	4.12%	0.90%	3.52%
6	Fidelity VIP Investment Grade Bond Portfolio - Initial Class	25,535	12.73	325,156	4.12%	0.75%	3.67%
1	Fidelity VIP Money Market Portfolio - Initial Class	82,173	13.47	1,106,569	1.16%	0.90%	0.30%
6	Fidelity VIP Money Market Portfolio - Initial Class	151,825	10.50	1,594,410	1.16%	0.75%	0.45%
1	Fidelity VIP Overseas Portfolio - Initial Class	34,619	15.58	539,482	1.14%	0.90%	12.62%
6	Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	16,693	12.90	215,348	2.40%	0.75%	15.07%
6	JPMorgan Bond Portfolio	9,210	12.17	112,100	3.61%	0.75%	3.51%
6	JPMorgan U.S. Large Cap Core Equity Portfolio	7,906	8.81	69,650	0.75%	0.75%	8.67%
6	Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	4,465	11.44	51,059	3.96%	0.75%	0.03%
6	Neuberger Berman AMT Partners Portfolio - Class I	41,058	11.50	472,365	0.01%	0.75%	18.09%
6	Oppenheimer Global Securities Fund/VA - Non-Service Shares	49,208	9.73	478,659	1.10%	0.75%	18.27%
6	Oppenheimer Main Street Fund/VA - Non-Service Shares	61,865	9.57	592,065	0.77%	0.75%	8.64%
5	PIMCO VIT Real Return Portfolio - Administrative Class	19,465	10.75	209,172	0.80%	0.65%	8.21%
4	SunAmerica - Aggressive Growth Portfolio - Class 1	160,593	10.07	1,617,590	0.00%	0.75%	15.91%
6	SunAmerica - Aggressive Growth Portfolio - Class 1	45,332	7.69	348,732	0.00%	0.75%	15.91%
4	SunAmerica - SunAmerica Balanced Portfolio - Class 1	108,914	9.13	993,938	1.59%	0.75%	5.98%
6	SunAmerica - SunAmerica Balanced Portfolio - Class 1	43,928	8.71	382,752	1.59%	0.75%	5.98%
4	SunAmerica Alliance Growth Portfolio	390,025	7.57	2,953,003	0.31%	0.75%	7.14%
6	SunAmerica Alliance Growth						

Portfolio	57,602	7.48	431,077	0.31%	0.75%	7.14%
4 SunAmerica Blue Chip Growth Portfolio	17,867	6.01	107,454	0.15%	0.75%	4.45%
4 SunAmerica Cash Management Portfolio	242,292	11.13	2,697,266	0.75%	0.75%	0.06%
4 SunAmerica Corporate Bond Portfolio	32,652	14.07	459,531	5.05%	0.75%	6.02%
4 SunAmerica Davis Venture Value Portfolio	160,654	18.31	2,941,081	0.87%	0.75%	12.67%
4 SunAmerica "Dogs" of Wall Street Portfolio	34,469	11.70	403,134	2.88%	0.75%	8.81%
4 SunAmerica Emerging Markets Portfolio	60,706	13.99	849,391	1.05%	0.75%	23.58%
4 SunAmerica Federated American Leaders Portfolio	33,869	10.46	354,376	1.46%	0.75%	9.07%
4 SunAmerica Global Bond Portfolio	19,244	12.63	243,074	0.00%	0.75%	3.19%
6 SunAmerica Global Bond Portfolio	31,498	11.56	364,263	0.00%	0.75%	3.19%
4 SunAmerica Global Equities Portfolio	68,813	8.36	575,380	0.30%	0.75%	11.03%
4 SunAmerica Goldman Sachs Research Portfolio	3,393	6.75	22,902	0.00%	0.75%	12.17%
4 SunAmerica Growth Opportunities Portfolio	23,157	4.59	106,181	0.00%	0.75%	5.38%
4 SunAmerica Growth-Income Portfolio	171,459	9.59	1,643,701	0.67%	0.75%	10.70%
6 SunAmerica Growth-Income Portfolio	99,403	8.89	883,906	0.67%	0.75%	10.70%
4 SunAmerica High-Yield Bond Portfolio	15,311	12.30	188,281	9.05%	0.75%	16.59%
4 SunAmerica International Diversified Equities Portfolio	72,363	7.89	571,130	2.50%	0.75%	15.62%
4 SunAmerica International Growth and Income Portfolio	87,556	10.87	951,467	1.09%	0.75%	19.96%
6 SunAmerica Marsico Growth Portfolio	47,598	10.79	513,561	0.00%	0.75%	10.42%
4 SunAmerica MFS Massachusetts Investors Trust Portfolio	64,741	9.03	584,621	0.77%	0.75%	11.03%
4 SunAmerica MFS Mid-Cap Growth Portfolio	173,339	10.04	1,740,354	0.00%	0.75%	13.24%
6 SunAmerica MFS Mid-Cap Growth Portfolio	137,155	6.08	834,453	0.00%	0.75%	13.24%
4 SunAmerica MFS Total Return Portfolio	80,196	13.92	1,116,698	0.18%	0.75%	10.47%
4 SunAmerica Putnam Growth: Voyager Portfolio	139,411	7.13	994,236	0.13%	0.75%	4.22%
4 SunAmerica Real Estate Portfolio	40,451	22.44	907,836	2.99%	0.75%	33.56%
4 SunAmerica Technology Portfolio	51,596	2.50	128,826	0.00%	0.75%	-3.25%
4 SunAmerica Telecom Utility Portfolio	14,903	7.92	118,043	5.15%	0.75%	15.90%
4 SunAmerica Worldwide High Income Portfolio	5,483	13.69	75,085	6.38%	0.75%	8.60%
5 UIF Core Plus Fixed Income Portfolio - Class I	15,783	11.12	175,541	3.34%	0.65%	3.69%
5 UIF Money Market Portfolio - Class I	10,506	10.02	105,254	1.20%	0.65%	0.13%

</TABLE>

VA II - 40

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
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 sub-accounts) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>
<CAPTION>

Investment

Sub-accounts	Units	Unit Value	Net Assets	Income Ratio (a)	Expense Ratio (b)	Total Return (c)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2004 - Continued						
5 UIF U.S. Mid Cap Value Portfolio - Class I	30,208	\$15.80	\$ 477,207	0.02%	0.65%	13.85%
5 VALIC Company I - Small Cap Index Fund	29,120	14.26	415,340	0.39%	0.65%	17.13%
1 Van Eck Worldwide Emerging Markets Fund	21,202	12.39	262,592	0.50%	0.90%	24.76%
1 Van Eck Worldwide Hard Assets Fund	11,058	15.54	171,863	0.28%	0.90%	22.87%
2003						
1 AIM V.I. Capital Appreciation Fund - Series I	43,496	10.53	458,103	0.00%	0.90%	28.36%
6 AIM V.I. Capital Appreciation Fund - Series I	22,264	7.18	159,954	0.00%	0.75%	28.55%
1 AIM V.I. International Growth Fund - Series I	51,767	10.51	543,841	0.51%	0.90%	27.91%
6 AIM V.I. International Growth Fund - Series I	20,002	8.34	166,825	0.51%	0.75%	28.10%
1 AllianceBernstein Global Bond Portfolio - Class A	3,943	13.38	52,741	5.54%	0.90%	12.25%
2 AllianceBernstein Global Dollar Government Portfolio - Class A	17	17.81	310	5.48%	0.90%	32.21%
3 AllianceBernstein Growth and Income Portfolio - Class A	107,327	25.81	2,770,192	1.09%	0.90%	31.32%
5 AllianceBernstein Growth and Income Portfolio - Class A	26,100	13.17	343,697	1.24%	0.65%	31.65%
3 AllianceBernstein Growth Portfolio - Class A	162,871	17.66	2,876,910	0.00%	0.90%	33.85%
2 AllianceBernstein Money Market Portfolio - Class A	5,082	11.77	59,832	0.64%	0.90%	-0.37%
1 AllianceBernstein Premier Growth Portfolio - Class A	53,018	11.29	598,364	0.00%	0.90%	22.56%
2 AllianceBernstein Premier Growth Portfolio - Class A	1,312	11.58	15,194	0.00%	0.90%	22.56%
5 AllianceBernstein Premier Growth Portfolio - Class A	15,913	11.94	189,978	0.00%	0.65%	22.87%
6 AllianceBernstein Premier Growth Portfolio - Class A	55,231	6.62	365,701	0.00%	0.75%	22.74%
2 AllianceBernstein Real Estate Investment Portfolio - Class A	220	14.82	3,264	3.00%	0.90%	38.05%
6 AllianceBernstein Real Estate Investment Portfolio - Class A	23,393	15.40	360,192	2.68%	0.75%	38.26%
1 AllianceBernstein Small Cap Growth Portfolio - Class A	44,087	10.56	465,600	0.00%	0.90%	47.57%
2 AllianceBernstein Small Cap Growth Portfolio - Class A	991	8.52	8,450	0.00%	0.90%	47.57%
3 AllianceBernstein Technology Portfolio - Class A	92,412	14.53	1,342,541	0.00%	0.90%	42.79%
6 AllianceBernstein Technology Portfolio - Class A	46,848	5.87	274,882	0.00%	0.75%	43.01%
1 AllianceBernstein Total Return Portfolio - Class A	32,443	11.06	358,692	2.80%	0.90%	17.99%
2 AllianceBernstein Total Return Portfolio - Class A	406	15.19	6,168	2.98%	0.90%	17.99%
2 AllianceBernstein U.S. Government/High Grade Securities Portfolio - Class A	54	13.92	751	3.36% +	0.90%	2.95%
2 AllianceBernstein Utility Income Portfolio - Class A	44	13.32	582	3.56%	0.90%	18.81%
6 AllianceBernstein Utility Income Portfolio - Class A	23,321	7.30	170,267	3.12%	0.75%	18.99%
6 American Century VP Capital Appreciation Fund - Class I	9,897	6.82	67,499	0.00%	0.75%	19.57%
6 American Century VP Income & Growth Fund - Class I	17,636	9.14	161,141	1.15%	0.75%	28.39%
5 American Century VP International Fund - Class I	14,064	11.82	166,167	0.45%	0.65%	23.70%
4 Anchor Series Trust Asset Allocation Portfolio - Class 1	27,632	11.23	310,356	0.00%	0.75%	4.12%
4 Anchor Series Trust Capital						

6	Anchor Series Trust Capital Appreciation Portfolio - Class 1	205,786	11.28	2,321,583	0.00%	0.75%	31.26%
4	Anchor Series Trust Government and Quality Bond Portfolio - Class	75,669	8.34	630,806	0.00%	0.75%	31.26%
4	Anchor Series Trust Growth Portfolio - Class 1	67,051	13.05	875,095	4.56% +	0.75%	1.75%
6	Anchor Series Trust Growth Portfolio - Class 1	110,933	9.88	1,096,020	0.52%	0.75%	28.95%
4	Anchor Series Trust Natural Resources Portfolio - Class 1	41,991	8.47	355,492	0.52%	0.75%	28.95%
6	Anchor Series Trust Natural Resources Portfolio - Class 1	9,889	20.23	200,082	0.67%	0.75%	46.61%
1	Dreyfus Stock Index Fund, Inc. - Initial shares	15,086	16.03	241,783	0.67% +	0.75%	46.61%
6	Dreyfus Stock Index Fund, Inc. - Initial shares	202,463	20.24	4,096,944	1.48%	0.90%	27.21%
1	Dreyfus VIF Small Company Stock Portfolio - Initial shares	252,286	8.39	2,115,430	1.50%	0.75%	27.41%
6	Dreyfus VIF Small Company Stock Portfolio - Initial shares	42,017	12.52	526,202	0.11%	0.90%	41.66%
1	Fidelity VIP Asset Manager Portfolio - Initial Class	47,913	11.20	536,839	0.10%	0.75%	41.87%
6	Fidelity VIP Asset Manager Portfolio - Initial Class	71,997	17.93	1,290,678	3.62%	0.90%	16.92%
1	Fidelity VIP Contrafund Portfolio - Initial Class	22,984	10.04	230,661	3.62%	0.75%	17.09%
6	Fidelity VIP Contrafund Portfolio - Initial Class	62,539	14.69	918,399	0.43%	0.90%	27.31%

</TABLE>

VA II - 41

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
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 sub-accounts) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

Sub-accounts	Units	Unit Value	Net Assets	Investment Income Ratio (a)	Expense Ratio (b)	Total Return (c)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2003 - Continued						
5 Fidelity VIP Contrafund Portfolio - Initial Class	25,803	\$12.72	\$ 328,255	0.24%	0.65%	27.63%
6 Fidelity VIP Contrafund Portfolio - Initial Class	58,414	10.13	591,692	0.43%	0.75%	27.50%
1 Fidelity VIP Growth Portfolio - Initial Class	197,408	18.80	3,711,243	0.26%	0.90%	31.66%
6 Fidelity VIP Growth Portfolio - Initial Class	54,791	7.42	406,310	0.26%	0.75%	31.86%
1 Fidelity VIP High Income Portfolio - Initial Class	35,025	11.78	412,529	6.38%	0.90%	26.13%
6 Fidelity VIP High Income Portfolio - Initial Class	14,996	11.24	168,536	6.38%	0.75%	26.31%
5 Fidelity VIP Index 500 Portfolio - Initial Class	11,032	12.74	140,601	0.69%	0.65%	27.58%
1 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	49,509	16.34	808,916	3.82% +	0.90%	4.26%
6 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	22,767	12.28	279,633	3.82%	0.75%	4.42%
1 Fidelity VIP Money Market Portfolio - Initial Class	94,324	13.43	1,266,366	1.01%	0.90%	0.09%
6 Fidelity VIP Money Market						

	Portfolio - Initial Class	149,723	10.45	1,565,248	1.01%	0.75%	0.24%
1	Fidelity VIP Overseas						
	Portfolio - Initial Class	37,864	13.84	523,940	0.76%	0.90%	42.09%
6	Franklin Templeton -						
	Templeton Global Asset						
	Allocation Fund - Class 1	14,529	11.21	162,887	2.58%	0.75%	31.32%
6	JPMorgan Bond Portfolio	13,058	11.76	153,532	2.94% +	0.75%	2.94%
6	JPMorgan U.S. Large Cap Core						
	Equity Portfolio	7,864	8.11	63,757	0.68%	0.75%	27.18%
6	Neuberger Berman AMT Limited						
	Maturity Bond Portfolio -						
	Class I	3,923	11.43	44,847	4.41%	0.75%	1.66%
6	Neuberger Berman AMT						
	Partners Portfolio -						
	Class I	53,244	9.74	518,738	0.00%	0.75%	34.08%
6	Oppenheimer Global						
	Securities Fund/VA -						
	Non-Service Shares	42,692	8.22	351,112	0.63%	0.75%	41.95%
6	Oppenheimer Main Street Fund						
	/VA - Non-Service Shares	59,243	8.81	521,876	0.89%	0.75%	25.77%
4	SunAmerica - Aggressive						
	Growth Portfolio - Class 1	153,030	8.69	1,329,798	0.00%	0.75%	27.50%
6	SunAmerica - Aggressive						
	Growth Portfolio - Class 1	43,390	6.64	287,972	0.00%	0.75%	27.50%
4	SunAmerica - SunAmerica						
	Balanced Portfolio -						
	Class 1	94,528	8.61	813,988	2.32%	0.75%	14.26%
6	SunAmerica - SunAmerica						
	Balanced Portfolio -						
	Class 1	45,037	8.22	370,275	2.32%	0.75%	14.26%
4	SunAmerica Alliance Growth						
	Portfolio	394,036	7.07	2,784,661	0.26%	0.75%	24.87%
6	SunAmerica Alliance Growth						
	Portfolio	55,600	6.99	388,379	0.26%	0.75%	24.87%
4	SunAmerica Asset Allocation						
	Portfolio	--	10.79	--	8.28%	0.75%	17.31%
4	SunAmerica Blue Chip Growth						
	Portfolio	13,764	5.76	79,253	0.17%	0.75%	25.07%
4	SunAmerica Cash Management						
	Portfolio	299,916	11.13	3,336,603	2.05%	0.75%	-0.08%
4	SunAmerica Corporate Bond						
	Portfolio	29,392	13.27	390,152	6.51%	0.75%	11.10%
4	SunAmerica Davis Venture						
	Value Portfolio	158,037	16.25	2,567,930	0.85%	0.75%	32.12%
4	SunAmerica "Dogs" of Wall						
	Street Portfolio	20,400	10.75	219,269	2.68%	0.75%	19.13%
4	SunAmerica Emerging Markets						
	Portfolio	64,917	11.32	735,010	0.00%	0.75%	51.45%
4	SunAmerica Federated						
	American Leaders Portfolio	35,280	9.59	338,441	1.47%	0.75%	26.63%
4	SunAmerica Global Bond						
	Portfolio	10,538	12.24	128,988	0.00%	0.75%	2.78%
6	SunAmerica Global Bond						
	Portfolio	40,756	11.21	456,764	0.00%	0.75%	2.78%
4	SunAmerica Global Equities						
	Portfolio	67,528	7.53	508,530	0.27%	0.75%	25.58%
4	SunAmerica Goldman Sachs						
	Research Portfolio	3,450	6.02	20,755	0.00%	0.75%	24.29%
4	SunAmerica Growth						
	Opportunities Portfolio	22,067	4.35	96,016	0.00%	0.75%	33.96%
4	SunAmerica Growth-Income						
	Portfolio	187,230	8.66	1,621,398	1.00%	0.75%	24.70%
6	SunAmerica Growth-Income						
	Portfolio	92,916	8.03	746,359	1.00%	0.75%	24.70%
4	SunAmerica High-Yield Bond						
	Portfolio	15,887	10.55	167,576	6.50%	0.75%	30.58%
4	SunAmerica International						
	Diversified Equities						
	Portfolio	67,873	6.83	463,312	4.52%	0.75%	30.82%
4	SunAmerica International						
	Growth and Income Portfolio	75,711	9.06	685,867	1.41%	0.75%	35.90%
6	SunAmerica Marsico Growth						
	Portfolio	50,625	9.77	494,676	0.00%	0.75%	29.25%
4	SunAmerica MFS Massachusetts						
	Investors Trust Portfolio	72,796	8.13	592,074	0.88%	0.75%	21.57%
4	SunAmerica MFS Mid-Cap						
	Growth Portfolio	151,606	8.87	1,344,211	0.00%	0.75%	36.21%
6	SunAmerica MFS Mid-Cap						
	Growth Portfolio	131,131	5.37	704,536	0.00%	0.75%	36.21%
4	SunAmerica MFS Total Return						
	Portfolio	74,371	12.60	937,397	4.35%	0.75%	15.99%
4	SunAmerica Putnam Growth:						

Voyager Portfolio 146,544 6.84 1,002,816 0.26% 0.75% 23.09%
 </TABLE>

VA II - 42

AIG LIFE INSURANCE COMPANY
 VARIABLE ACCOUNT II
 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 sub-accounts) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>
 <CAPTION>

Sub-accounts	Units	Unit Value	Net Assets	Investment Income Ratio (a)	Expense Ratio (b)	Total Return (c)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2003 - Continued						
4 SunAmerica Real Estate Portfolio	30,389	\$16.80	\$ 510,646	2.85%	0.75%	36.96%
4 SunAmerica Technology Portfolio	47,601	2.58	122,846	0.00%	0.75%	49.63%
4 SunAmerica Telecom Utility Portfolio	13,863	6.83	94,740	6.31%	0.75%	17.88%
4 SunAmerica Worldwide High Income Portfolio	5,139	12.61	64,797	9.15%	0.75%	25.00%
5 UIF Core Plus Fixed Income Portfolio - Class I	20,564	10.73	220,579	0.04% +	0.65%	3.96%
5 UIF Money Market Portfolio - Class I	17,732	10.01	177,428	0.73%	0.65%	-0.10%
5 UIF U.S. Mid Cap Value Portfolio - Class I	20,841	13.88	289,179	0.00%	0.65%	40.59%
1 Van Eck Worldwide Emerging Markets Fund	22,873	9.93	227,068	0.10%	0.90%	52.81%
1 Van Eck Worldwide Hard Assets Fund	6,791	12.65	85,905	0.37%	0.90%	43.78%
2002						
1 AIM V.I. Capital Appreciation Fund - Series I	42,363	8.21	347,598	0.00%	0.90%	-25.03%
6 AIM V.I. Capital Appreciation Fund - Series I	18,966	5.59	105,993	0.00%	0.75%	-24.92%
1 AIM V.I. International Growth Fund - Series I	55,998	8.21	459,940	0.51%	0.90%	-16.43%
6 AIM V.I. International Growth Fund - Series I	18,474	6.51	120,286	0.69%	0.75%	-16.30%
1 AllianceBernstein Global Bond Portfolio - Class A	3,055	11.92	36,408	0.87%	0.90%	15.87%
2 AllianceBernstein Global Dollar Government Portfolio - Class A	18	13.47	247	7.39%	0.90%	15.10%
3 AllianceBernstein Growth and Income Portfolio - Class A	120,637	19.66	2,371,167	0.63%	0.90%	-22.75%
5 AllianceBernstein Growth and Income Portfolio - Class A	16,792	10.00	167,974	0.77%	0.65%	3.80%
3 AllianceBernstein Growth Portfolio - Class A	167,575	13.20	2,211,486	0.00%	0.90%	-28.72%
2 AllianceBernstein Money Market Portfolio - Class A	35,714	11.82	421,991	1.16%	0.90%	0.20%
1 AllianceBernstein Premier Growth Portfolio - Class A	50,347	9.21	463,621	0.00%	0.90%	-31.27%
2 AllianceBernstein Premier Growth Portfolio - Class A	1,196	9.45	11,295	0.00%	0.90%	-31.27%
5 AllianceBernstein Premier Growth Portfolio - Class A	7,738	9.72	75,186	0.00%	0.65%	-0.73%

6	AllianceBernstein Premier Growth Portfolio - Class A	44,369	5.39	239,346	0.00%	0.75%	-31.16%
2	AllianceBernstein Real Estate Investment Portfolio - Class A	248	10.74	2,664	2.60%	0.90%	1.68%
6	AllianceBernstein Real Estate Investment Portfolio - Class A	21,436	11.14	238,728	2.61%	0.75%	1.83%
1	AllianceBernstein Small Cap Growth Portfolio - Class A	40,653	7.16	290,938	0.00%	0.90%	-32.38%
2	AllianceBernstein Small Cap Growth Portfolio - Class A	773	5.78	4,465	0.00%	0.90%	-32.38%
3	AllianceBernstein Technology Portfolio - Class A	105,081	10.17	1,069,111	0.00%	0.90%	-42.23%
6	AllianceBernstein Technology Portfolio - Class A	37,810	4.10	155,134	0.00%	0.75%	-42.14%
1	AllianceBernstein Total Return Portfolio - Class A	29,733	9.37	278,610	1.98% +	0.90%	-11.39%
2	AllianceBernstein Total Return Portfolio - Class A	461	12.88	5,929	1.92% +	0.90%	-11.39%
2	AllianceBernstein U.S. Government/High Grade Securities Portfolio - Class A	61	13.52	830	3.03%	0.90%	6.82%
2	AllianceBernstein Utility Income Portfolio - Class A	50	11.21	557	1.73%	0.90%	-22.82%
6	AllianceBernstein Utility Income Portfolio - Class A	20,861	6.14	128,000	1.95%	0.75%	-22.70%
6	American Century VP Capital Appreciation Fund - Class I	8,944	5.70	51,015	0.00%	0.75%	-21.79%
6	American Century VP Income & Growth Fund - Class I	15,316	7.12	109,006	1.04%	0.75%	-19.97%
5	American Century VP International Fund - Class I	4,414	9.55	42,164	0.36%	0.65%	3.64%
4	Anchor Series Trust Capital Appreciation Portfolio - Class 1	183,500	8.59	1,577,118	0.00%	0.75%	-23.23%
6	Anchor Series Trust Capital Appreciation Portfolio - Class 1	71,786	6.35	455,907	0.00%	0.75%	-23.23%
4	Anchor Series Trust Government and Quality Bond Portfolio - Class 1	67,792	12.83	869,506	3.44%	0.75%	8.50%
4	Anchor Series Trust Growth Portfolio - Class 1	112,727	7.66	863,689	0.50%	0.75%	-22.75%
6	Anchor Series Trust Growth Portfolio - Class 1	35,054	6.57	230,132	0.00%	0.75%	-22.75%
4	Anchor Series Trust Natural Resources Portfolio - Class 1	8,900	13.80	122,810	2.12% +	0.75%	7.54%
6	Anchor Series Trust Natural Resources Portfolio - Class 1	14,208	10.93	155,313	0.00%	0.75%	7.54%
1	Dreyfus Stock Index Fund, Inc. - Initial shares	210,792	15.91	3,352,978	1.32%	0.90%	-23.06%
6	Dreyfus Stock Index Fund, Inc. - Initial shares	237,120	6.58	1,560,582	1.91%	0.75%	-22.94%
1	Dreyfus VIF Small Company Stock Portfolio - Initial shares	41,902	8.84	370,446	0.24%	0.90%	-20.43%

</TABLE>

VA II - 43

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
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 sub-accounts) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>
<CAPTION>

Sub-accounts	Units	Unit Value	Net Assets	Investment Income Ratio (a)	Expense Ratio (b)	Total Return (c)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2002 - Continued						
6 Dreyfus VIP Small Company Stock Portfolio - Initial shares	43,146	\$ 7.90	\$ 340,758	0.26%	0.75%	-20.31%
1 Fidelity VIP Asset Manager Portfolio - Initial Class	81,090	15.33	1,243,323	3.47%	0.90%	-9.55%
6 Fidelity VIP Asset Manager Portfolio - Initial Class	19,448	8.57	166,675	4.72%	0.75%	-9.41%
1 Fidelity VIP Contrafund Portfolio - Initial Class	67,615	11.53	779,917	0.69%	0.90%	-10.16%
5 Fidelity VIP Contrafund Portfolio - Initial Class	10,378	9.97	103,446	0.34%	0.65%	-3.25%
6 Fidelity VIP Contrafund Portfolio - Initial Class	45,664	7.94	362,761	1.03%	0.75%	-10.03%
1 Fidelity VIP Growth Portfolio - Initial Class	209,585	14.28	2,992,695	0.24%	0.90%	-30.73%
6 Fidelity VIP Growth Portfolio - Initial Class	44,693	5.62	251,353	0.35%	0.75%	-30.63%
1 Fidelity VIP High Income Portfolio - Initial Class	26,449	9.34	246,994	9.51%	0.90%	2.52%
6 Fidelity VIP High Income Portfolio - Initial Class	14,672	8.90	130,546	12.54%	0.75%	2.67%
5 Fidelity VIP Index 500 Portfolio - Initial Class	3,634	9.99	36,300	0.52%	0.65%	-4.29%
1 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	46,297	15.67	725,516	3.13%	0.90%	9.35%
6 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	23,244	11.76	273,408	3.81%	0.75%	9.52%
1 Fidelity VIP Money Market Portfolio - Initial Class	102,652	13.41	1,376,877	2.13%	0.90%	0.78%
6 Fidelity VIP Money Market Portfolio - Initial Class	173,706	10.43	1,811,546	1.58%	0.75%	0.93%
1 Fidelity VIP Overseas Portfolio - Initial Class	35,759	9.74	348,253	0.83%	0.90%	-20.99%
6 Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	12,885	8.54	109,999	1.61%	0.75%	-4.88%
6 JPMorgan Bond Portfolio	11,113	11.42	126,934	0.80%	0.75%	7.99%
6 JPMorgan U.S. Large Cap Core Equity Portfolio	6,370	6.37	40,604	0.04%	0.75%	-25.19%
6 Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	4,088	11.25	45,970	4.95%	0.75%	4.55%
6 Neuberger Berman AMT Partners Portfolio - Class I	45,324	7.27	329,344	0.19%	0.75%	-24.71%
6 Oppenheimer Global Securities Fund/VA - Non-Service Shares	35,423	5.79	205,232	0.42%	0.75%	-22.72%
6 Oppenheimer Main Street Fund/VA - Non-Service Shares	54,756	7.00	383,505	0.75%	0.75%	-19.40%
4 SunAmerica - Aggressive Growth Portfolio - Class 1	144,414	6.82	984,262	0.32%	0.75%	-25.25%
6 SunAmerica - Aggressive Growth Portfolio - Class 1	36,696	5.21	191,018	0.36%	0.75%	-25.25%
4 SunAmerica - SunAmerica Balanced Portfolio - Class 1	96,186	7.54	724,921	2.65%	0.75%	-15.83%
6 SunAmerica - SunAmerica Balanced Portfolio - Class 1	41,903	7.20	301,525	3.33%	0.75%	-15.83%
4 SunAmerica Alliance Growth Portfolio	380,385	5.66	2,152,727	0.27%	0.75%	-31.80%
6 SunAmerica Alliance Growth Portfolio	53,050	5.59	296,754	0.35%	0.75%	-31.80%
4 SunAmerica Asset Allocation						

Portfolio	26,488	9.20	243,565	3.73%	0.75%	-8.21%
4 SunAmerica Blue Chip Growth Portfolio	10,855	4.60	49,973	0.42%	0.75%	-29.82%
4 SunAmerica Cash Management Portfolio	420,526	11.13	4,682,060	3.04%	0.75%	0.63%
4 SunAmerica Corporate Bond Portfolio	24,008	11.95	286,825	8.41%	0.75%	6.62%
4 SunAmerica Davis Venture Value Portfolio	150,193	12.30	1,847,103	0.67%	0.75%	-17.38%
4 SunAmerica "Dogs" of Wall Street Portfolio	18,944	9.02	170,928	2.02%	0.75%	-7.25%
4 SunAmerica Emerging Markets Portfolio	63,372	7.48	473,759	0.29%	0.75%	-7.79%
4 SunAmerica Federated American Leaders Portfolio	41,560	7.58	314,853	1.10%	0.75%	-20.37%
4 SunAmerica Global Bond Portfolio	8,497	11.91	101,188	1.84% +	0.75%	5.13%
6 SunAmerica Global Bond Portfolio	41,605	10.90	453,655	1.84% +	0.75%	5.13%
4 SunAmerica Global Equities Portfolio	64,812	6.00	388,640	0.00%	0.75%	-27.36%
4 SunAmerica Goldman Sachs Research Portfolio	3,262	4.84	15,792	0.00%	0.75%	-28.58%
4 SunAmerica Growth Opportunities Portfolio	10,666	3.25	34,643	0.00%	0.75%	-40.26%
4 SunAmerica Growth-Income Portfolio	172,246	6.94	1,196,151	0.88%	0.75%	-21.74%
6 SunAmerica Growth-Income Portfolio	78,957	6.44	508,595	1.12%	0.75%	-21.74%
4 SunAmerica High-Yield Bond Portfolio	15,217	8.08	122,913	17.32%	0.75%	-6.55%
4 SunAmerica International Diversified Equities Portfolio	63,224	5.22	329,911	0.00%	0.75%	-28.98%
4 SunAmerica International Growth and Income Portfolio	70,189	6.67	467,872	0.57%	0.75%	-21.49%
6 SunAmerica Marsico Growth Portfolio	46,470	7.56	351,326	0.01%	0.75%	-11.91%
4 SunAmerica MFS Massachusetts Investors Trust Portfolio	69,772	6.69	466,789	0.88%	0.75%	-21.61%

</TABLE>

VA II - 44

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
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 sub-accounts) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

Sub-accounts	Units	Unit Value	Net Assets	Investment Income Ratio (a)	Expense Ratio (b)	Total Return (c)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2002 - Continued						
4 SunAmerica MFS Mid-Cap Growth Portfolio	127,125	\$ 6.51	\$ 827,513	0.00%	0.75%	-47.56%
6 SunAmerica MFS Mid-Cap Growth Portfolio	105,224	3.94	415,054	0.00%	0.75%	-47.56%
4 SunAmerica MFS Total Return Portfolio	69,206	10.87	752,048	2.09% +	0.75%	-5.55%
4 SunAmerica Putnam Growth: Voyager Portfolio	144,219	5.56	801,766	0.18%	0.75%	-26.99%
4 SunAmerica Real Estate Portfolio	24,254	12.27	297,563	3.13%	0.75%	5.43%
4 SunAmerica Technology Portfolio	19,432	1.72	33,516	0.00%	0.75%	-49.73%
4 SunAmerica Telecom Utility Portfolio	12,767	5.80	74,017	9.89%	0.75%	-24.31%
4 SunAmerica Worldwide High						

	Income Portfolio	4,439	10.09	44,775	14.06%	0.75%	-1.14%
5	UIF Core Plus Fixed Income Portfolio - Class I	7,002	10.32	72,244	5.81% +	0.65%	-2.26%
5	UIF Money Market Portfolio - Class I	7,303	10.02	73,142	0.64%	0.65%	-2.10%
5	UIF U.S. Mid Cap Value Portfolio - Class I	10,527	9.87	103,895	0.00%	0.65%	3.28%
1	Van Eck Worldwide Emerging Markets Fund	21,113	6.50	137,157	0.18%	0.90%	-3.77%
1	Van Eck Worldwide Hard Assets Fund	6,315	8.80	55,560	0.84%	0.90%	-3.70%

2001

1	AIM V.I. Capital Appreciation Fund - Series I	45,508	10.95	498,096	0.00% +	0.90%	-23.97%
6	AIM V.I. Capital Appreciation Fund - Series I	11,570	7.44	86,121	0.00% +	0.75%	-25.56%
1	AIM V.I. International Growth Fund - Series I	73,079	9.83	718,240	0.29% +	0.90%	-24.22%
6	AIM V.I. International Growth Fund - Series I	13,815	7.78	107,477	0.34% +	0.75%	-22.21%
1	AllianceBernstein Global Bond Portfolio - Class A	1,961	10.28	20,171	0.00%	0.90%	-1.17%
2	AllianceBernstein Global Dollar Government Portfolio - Class A	20	11.71	229	10.10%	0.90%	8.38%
3	AllianceBernstein Growth and Income Portfolio - Class A	119,052	25.44	3,029,173	0.62% +	0.90%	-0.55%
5	AllianceBernstein Growth and Income Portfolio - Class A	4,331	9.64	41,738	0.00%	0.50%	-3.63%
3	AllianceBernstein Growth Portfolio - Class A	169,713	18.51	3,142,197	0.27% +	0.90%	-24.16%
2	AllianceBernstein Money Market Portfolio - Class A	54,096	11.79	637,942	1.47%	0.90%	2.64%
1	AllianceBernstein Premier Growth Portfolio - Class A	53,078	13.40	711,106	0.00% +	0.90%	-17.95%
2	AllianceBernstein Premier Growth Portfolio - Class A	1,088	13.74	14,954	0.00% +	0.90%	-17.95%
5	AllianceBernstein Premier Growth Portfolio - Class A	2,045	9.79	20,022	0.00% +	0.50%	-2.11%
6	AllianceBernstein Premier Growth Portfolio - Class A	29,274	7.84	229,408	0.00% +	0.75%	-21.63%
2	AllianceBernstein Real Estate Investment Portfolio - Class A	284	10.56	2,996	3.58%	0.90%	9.80%
6	AllianceBernstein Real Estate Investment Portfolio - Class A	13,369	10.94	146,209	0.55%	0.75%	9.36%
1	AllianceBernstein Small Cap Growth Portfolio - Class A	39,071	10.58	413,520	0.00% +	0.90%	-13.54%
2	AllianceBernstein Small Cap Growth Portfolio - Class A	548	8.54	4,685	0.00% +	0.90%	-13.54%
3	AllianceBernstein Technology Portfolio - Class A	104,518	17.61	1,840,698	0.00% +	0.90%	-25.91%
6	AllianceBernstein Technology Portfolio - Class A	22,199	7.09	157,422	0.00% +	0.75%	-29.09%
1	AllianceBernstein Total Return Portfolio - Class A	28,132	10.57	297,477	3.09% +	0.90%	1.35%
2	AllianceBernstein Total Return Portfolio - Class A	518	14.53	7,522	2.49% +	0.90%	1.35%
2	AllianceBernstein U.S. Government/High Grade Securities Portfolio - Class A	68	12.65	865	4.80%	0.90%	6.91%
2	AllianceBernstein Utility Income Portfolio - Class A	55	14.52	804	3.79% +	0.90%	-23.20%
6	AllianceBernstein Utility Income Portfolio - Class A	15,301	7.94	121,457	0.59% +	0.75%	-20.62%
6	American Century VP Capital Appreciation Fund - Class I	5,587	7.29	40,741	0.00%	0.75%	-27.07%
6	American Century VP Income & Growth Fund - Class I	10,379	8.89	92,305	0.00%	0.75%	-11.07%
5	American Century VP International Fund - Class I	1,103	9.22	10,169	0.00%	0.50%	-7.84%
4	Anchor Series Trust Capital Appreciation Portfolio - Class 1	169,943	11.20	1,902,609	0.23% +	0.75%	-15.29%
6	Anchor Series Trust Capital Appreciation Portfolio -						

Class 1	39,906	8.27	330,137	0.09% +	0.75%	-17.27%
4 Anchor Series Trust Government and Quality Bond Portfolio - Class 1	43,732	11.82	516,971	2.76%	0.75%	6.12%
4 Anchor Series Trust Growth Portfolio - Class 1	119,312	9.92	1,183,307	0.15% +	0.75%	-13.74%
6 Anchor Series Trust Growth Portfolio - Class 1	13,710	8.50	116,513	0.03% +	0.75%	-15.02%
4 Anchor Series Trust Natural Resources Portfolio - Class 1	7,281	12.83	93,430	0.40% +	0.75%	-1.80%

</TABLE>

VA II - 45

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
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 sub-accounts) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>
<CAPTION>

Sub-accounts	Units	Unit Value	Net Assets	Investment Income Ratio (a)	Expense Ratio (b)	Total Return (c)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2001 - Continued						
6 Anchor Series Trust Natural Resources Portfolio - Class 1	10,700	\$10.16	\$ 108,756	0.20% +	0.75%	1.64%
1 Dreyfus Stock Index Fund, Inc. - Initial shares	217,502	20.67	4,496,569	1.08% +	0.90%	-12.97%
6 Dreyfus Stock Index Fund, Inc. - Initial shares	73,194	8.54	625,150	0.68% +	0.75%	-14.59%
1 Dreyfus VIF Small Company Stock Portfolio - Initial shares	46,592	11.11	517,676	0.07%	0.90%	-2.42%
6 Dreyfus VIF Small Company Stock Portfolio - Initial shares	27,639	9.91	273,921	0.00%	0.75%	-0.89%
1 Fidelity VIP Asset Manager Portfolio - Initial Class	70,392	16.95	1,193,200	4.09% +	0.90%	-4.95%
6 Fidelity VIP Asset Manager Portfolio - Initial Class	7,795	9.46	73,745	0.00%	0.75%	-5.39%
1 Fidelity VIP Contrafund Portfolio - Initial Class	77,124	12.84	990,223	0.76% +	0.90%	-13.04%
5 Fidelity VIP Contrafund Portfolio - Initial Class	2,300	10.30	23,694	0.00%	0.50%	3.03%
6 Fidelity VIP Contrafund Portfolio - Initial Class	21,026	8.83	185,651	0.00%	0.75%	-11.70%
1 Fidelity VIP Growth Portfolio - Initial Class	224,024	20.61	4,618,140	0.08% +	0.90%	-18.39%
6 Fidelity VIP Growth Portfolio - Initial Class	22,798	8.11	184,823	0.00%	0.75%	-18.93%
1 Fidelity VIP High Income Portfolio - Initial Class	27,434	9.11	249,901	13.68%	0.90%	-12.53%
6 Fidelity VIP High Income Portfolio - Initial Class	7,932	8.67	68,739	0.00%	0.75%	-13.34%
5 Fidelity VIP Index 500 Portfolio - Initial Class	863	10.44	9,012	0.00%	0.50%	4.38%
1 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	33,564	14.33	480,976	5.11%	0.90%	7.49%
6 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	9,272	10.74	99,582	0.00%	0.75%	7.40%
1 Fidelity VIP Money Market Portfolio - Initial Class	97,805	13.31	1,301,678	4.13%	0.90%	3.25%
6 Fidelity VIP Money Market Portfolio - Initial Class	284,638	10.33	2,940,983	1.28%	0.75%	3.32%
1 Fidelity VIP Overseas Portfolio - Initial Class	35,643	12.33	439,371	5.30% +	0.90%	-21.88%
6 Franklin Templeton -						

	Templeton Global Asset Allocation Fund - Class 1	6,002	8.98	53,870	0.17% +	0.75%	-10.25%
6	JPMorgan Bond Portfolio	5,512	10.58	58,297	4.09% +	0.75%	5.77%
6	JPMorgan U.S. Large Cap Core Equity Portfolio	4,467	8.52	38,064	0.41%	0.75%	-14.79%
6	Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	2,146	10.76	23,084	0.00%	0.75%	7.57%
6	Neuberger Berman AMT Partners Portfolio - Class I	8,130	9.65	78,464	0.00%	0.75%	-3.49%
6	Oppenheimer Global Securities Fund/VA - Non-Service Shares	16,994	7.50	127,402	0.00%	0.75%	-25.03%
6	Oppenheimer Main Street Fund/VA - Non-Service Shares	35,338	8.69	307,098	0.00%	0.75%	-13.10%
4	SunAmerica - Aggressive Growth Portfolio - Class 1	124,945	9.12	1,139,165	0.00% +	0.75%	-32.22%
6	SunAmerica - Aggressive Growth Portfolio - Class 1	24,691	6.96	171,928	14.32%	0.75%	-30.37%
4	SunAmerica - SunAmerica Balanced Portfolio - Class 1	82,278	8.95	736,689	4.50% +	0.75%	-13.79%
6	SunAmerica - SunAmerica Balanced Portfolio - Class 1	21,330	8.55	182,338	2.67% +	0.75%	-14.51%
4	SunAmerica Alliance Growth Portfolio	373,562	8.30	3,099,689	0.10% +	0.75%	-14.65%
6	SunAmerica Alliance Growth Portfolio	31,498	8.20	258,337	0.05% +	0.75%	-17.98%
4	SunAmerica Asset Allocation Portfolio	20,998	10.02	210,362	4.29% +	0.75%	-3.58%
4	SunAmerica Blue Chip Growth Portfolio	3,388	6.56	22,224	0.10%	0.75%	-21.46%
4	SunAmerica Cash Management Portfolio	518,519	11.06	5,736,906	4.36%	0.75%	2.89%
4	SunAmerica Corporate Bond Portfolio	11,691	11.21	131,000	4.26%	0.75%	6.78%
4	SunAmerica Davis Venture Value Portfolio	121,623	14.89	1,810,387	4.54% +	0.75%	-11.99%
4	SunAmerica "Dogs" of Wall Street Portfolio	13,726	9.73	133,521	1.55% +	0.75%	7.10%
4	SunAmerica Emerging Markets Portfolio	60,607	8.11	491,365	0.49% +	0.75%	-2.50%
4	SunAmerica Federated American Leaders Portfolio	36,679	9.51	348,955	0.69% +	0.75%	-3.07%
4	SunAmerica Global Bond Portfolio	7,345	11.33	83,209	11.15%	0.75%	4.27%
6	SunAmerica Global Bond Portfolio	9,907	10.37	102,745	8.16%	0.75%	3.71%
4	SunAmerica Global Equities Portfolio	53,108	8.26	438,432	0.33% +	0.75%	-18.73%
4	SunAmerica Goldman Sachs Research Portfolio	1,312	6.78	8,891	0.00%	0.75%	-25.77%
4	SunAmerica Growth Opportunities Portfolio	3,567	5.44	19,393	0.01%	0.75%	-33.68%
4	SunAmerica Growth-Income Portfolio	172,124	8.87	1,527,300	0.74% +	0.75%	-16.54%
6	SunAmerica Growth-Income Portfolio	48,554	8.23	399,624	0.51% +	0.75%	-17.70%
4	SunAmerica High-Yield Bond Portfolio	9,998	8.64	86,419	7.96%	0.75%	-5.02%

VA II - 46

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
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 sub-accounts) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>
<CAPTION>

Sub-accounts	Units	Unit Value	Net Assets	Investment Income Ratio (a)	Expense Ratio (b)	Total Return (c)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2001 - Continued						
4 SunAmerica International Diversified Equities Portfolio	44,304	\$ 7.35	\$ 325,515	0.31% +	0.75%	-24.59%
4 SunAmerica International Growth and Income Portfolio	64,902	8.49	551,034	2.06% +	0.75%	-22.82%
6 SunAmerica Marsico Growth Portfolio	28,703	8.58	246,339	0.18%	0.75%	-14.18%
4 SunAmerica MFS Massachusetts Investors Trust Portfolio	60,736	8.53	518,334	5.83%	0.75%	-16.67%
4 SunAmerica MFS Mid-Cap Growth Portfolio	99,473	12.41	1,234,757	0.00% +	0.75%	-23.20%
6 SunAmerica MFS Mid-Cap Growth Portfolio	63,725	7.52	479,330	0.00% +	0.75%	-24.78%
4 SunAmerica MFS Total Return Portfolio	60,314	11.51	693,947	5.16% +	0.75%	-0.24%
4 SunAmerica Putnam Growth: Voyager Portfolio	122,707	7.61	934,335	0.00% +	0.75%	-24.74%
4 SunAmerica Real Estate Portfolio	11,097	11.64	129,134	4.34%	0.75%	5.20%
4 SunAmerica Technology Portfolio	7,471	3.43	25,635	0.00%	0.75%	-48.02%
4 SunAmerica Telecom Utility Portfolio	11,329	7.66	86,776	2.59% +	0.75%	-14.41%
4 SunAmerica Worldwide High Income Portfolio	3,939	10.20	40,195	15.10%	0.75%	-3.93%
5 UIF Core Plus Fixed Income Portfolio - Class I	1,362	10.56	14,381	4.00% +	0.50%	5.56%
5 UIF Money Market Portfolio - Class I	280	10.23	2,870	291.10%	0.50%	2.31%
5 UIF U.S. Mid Cap Value Portfolio - Class I	2,929	9.56	27,988	0.00%	0.50%	-4.44%
1 Van Eck Worldwide Emerging Markets Fund	18,859	6.75	127,320	0.00%	0.90%	-2.70%
1 Van Eck Worldwide Hard Assets Fund	5,954	9.14	54,402	1.15%	0.90%	-11.25%

</TABLE>

Footnotes

- 1 Variable Universal Life Policy product.
- 2 Gallery Life product.
- 3 Variable Universal Life Policy product or Gallery Life product.
- 4 Polaris product or Polaris Survivorship product.
- 5 Executive Advantage product.
- 6 Gemstone Life product.

(a) These amounts represent the dividends, excluding capital gain distributions from mutual funds, received by the Sub-account 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 Sub-account is affected by the timing of the declaration of dividends by the underlying fund in which the Sub-accounts invest.

(b) These amounts represent the annualized policy expenses of the 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 Sub-account, 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 Sub-account 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 Sub-account if the Sub-account 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 and/or long-term capital gains between dividends from mutual funds and capital gain distributions from mutual funds. See

Note H for further disclosure.

** Formerly AllianceBernstein Quasar Portfolio.

VA II - 47

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note H - Restatement

During the preparation of these 2004 financial statements, the Company identified certain misclassifications of long-term and short-term capital gains within several Sub-accounts. Specifically, for the years ended December 31, 2003 and 2002, the Company classified short-term capital gains as dividends from mutual funds. Prior to the year ended December 31, 2002, the Company classified long-term and short-term capital gains as dividends from mutual funds. GAAP requires long-term and short-term capital gains to be classified as capital gain distributions from mutual funds. Accordingly, for the effected Sub-accounts, 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, 2002 and 2001, 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>

Sub-accounts	For the Year Ended December 31, 2003			
	Net Investment Income (Loss)		Capital Gain Distributions from Mutual Funds	
	Originally stated	Restated	Originally stated	Restated
<S>	<C>	<C>	<C>	<C>
AllianceBernstein U.S. Government/High Grade Securities Portfolio - Class A	\$ 24	\$ 18	\$ --	\$ 6
Anchor Series Trust Government and Quality Bond Portfolio - Class 1	35,906	32,723	4,100	7,283
Anchor Series Trust Natural Resources Portfolio - Class 1	1,255	(17)	1,313	2,585
Fidelity VIP Investment Grade Bond Portfolio - Initial Class	40,309	30,714	4,428	14,023
JPMorgan Bond Portfolio	5,225	3,059	744	2,910
UIF Core Plus Fixed Income Portfolio - Class I	(18)	(849)	--	831

</TABLE>

<TABLE>

<CAPTION>

Sub-accounts	Investment Income Ratio					
	For the Year Ended December 31, 2003		For the Year Ended December 31, 2002		For the Year Ended December 31, 2001	
	Originally stated	Restated	Originally stated	Restated	Originally stated	Restated
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1 AIM V.I. Capital Appreciation Fund - Series I	n/a	n/a	n/a	n/a	7.37%	0.00%
6 AIM V.I. Capital Appreciation Fund - Series I	n/a	n/a	n/a	n/a	7.51%	0.00%
1 AIM V.I. International						

6	Growth Fund - Series I AIM V.I. International Growth Fund - Series I	n/a	n/a	n/a	n/a	2.63%	0.29%
3	AllianceBernstein Growth and Income Portfolio - Class A	n/a	n/a	n/a	n/a	5.18%	0.62%
3	AllianceBernstein Growth Portfolio - Class A	n/a	n/a	n/a	n/a	14.33%	0.27%
1	AllianceBernstein Premier Growth Portfolio - Class A	n/a	n/a	n/a	n/a	5.38%	0.00%
2	AllianceBernstein Premier Growth Portfolio - Class A	n/a	n/a	n/a	n/a	5.67%	0.00%
5	AllianceBernstein Premier Growth Portfolio - Class A	n/a	n/a	n/a	n/a	3.98%	0.00%
6	AllianceBernstein Premier Growth Portfolio - Class A	n/a	n/a	n/a	n/a	0.76%	0.00%
1	AllianceBernstein Small Cap Growth Portfolio - Class A	n/a	n/a	n/a	n/a	3.26%	0.00%
2	AllianceBernstein Small Cap Growth Portfolio - Class A	n/a	n/a	n/a	n/a	3.14%	0.00%
3	AllianceBernstein Technology Portfolio - Class A	n/a	n/a	n/a	n/a	7.60%	0.00%
6	AllianceBernstein Technology Portfolio - Class A	n/a	n/a	n/a	n/a	1.32%	0.00%
1	AllianceBernstein Total Return Portfolio - Class A	n/a	n/a	2.68%	1.98%	8.53%	3.09%
2	AllianceBernstein Total Return Portfolio - Class A	n/a	n/a	2.60%	1.92%	6.88%	2.49%
2	AllianceBernstein U.S. Government/High Grade Securities Portfolio - Class A	4.22%	3.36%	n/a	n/a	n/a	n/a
2	AllianceBernstein Utility Income Portfolio - Class A	n/a	n/a	n/a	n/a	4.45%	3.79%
6	AllianceBernstein Utility Income Portfolio - Class A	n/a	n/a	n/a	n/a	0.69%	0.59%
4	Anchor Series Trust Capital Appreciation Portfolio - Class 1	n/a	n/a	n/a	n/a	23.42%	0.23%
6	Anchor Series Trust Capital Appreciation Portfolio - Class 1	n/a	n/a	n/a	n/a	8.96%	0.09%
4	Anchor Series Trust Government and Quality Bond Portfolio - Class 1	4.92%	4.56%	n/a	n/a	n/a	n/a
4	Anchor Series Trust Growth Portfolio - Class 1	n/a	n/a	n/a	n/a	14.63%	0.15%
6	Anchor Series Trust Growth Portfolio - Class 1	n/a	n/a	n/a	n/a	2.60%	0.03%

</TABLE>

VA II - 48

AIG LIFE INSURANCE COMPANY
VARIABLE ACCOUNT II
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note H - Restatement - Continued

<TABLE>
<CAPTION>

Sub-accounts	Investment Income Ratio					
	For the Year Ended December 31, 2003		For the Year Ended December 31, 2002		For the Year Ended December 31, 2001	
	Originally stated	Restated	Originally stated	Restated	Originally stated	Restated
<S>	<C>	<C>	<C>	<C>	<C>	<C>
4 Anchor Series Trust Natural Resources Portfolio - Class 1	n/a	n/a	4.16%	2.12%	8.03%	0.40%
6 Anchor Series Trust Natural Resources Portfolio - Class 1	1.02%	0.67%	n/a	n/a	4.02%	0.20%
1 Dreyfus Stock Index Fund, Inc. - Initial shares	n/a	n/a	n/a	n/a	1.58%	1.08%
6 Dreyfus Stock Index Fund, Inc. - Initial shares	n/a	n/a	n/a	n/a	1.00%	0.68%

1	Fidelity VIP Asset Manager Portfolio - Initial Class	n/a	n/a	n/a	n/a	5.62%	4.09%
1	Fidelity VIP Contrafund Portfolio - Initial Class	n/a	n/a	n/a	n/a	3.44%	0.76%
1	Fidelity VIP Growth Portfolio - Initial Class	n/a	n/a	n/a	n/a	7.18%	0.08%
1	Fidelity VIP Investment Grade Bond Portfolio - Initial Class	4.74%	3.82%	n/a	n/a	n/a	n/a
1	Fidelity VIP Overseas Portfolio - Initial Class	n/a	n/a	n/a	n/a	13.67%	5.30%
6	Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	n/a	n/a	n/a	n/a	1.43%	0.17%
6	JPMorgan Bond Portfolio	4.48%	2.94%	n/a	n/a	4.71%	4.09%
4	SunAmerica - Aggressive Growth Portfolio - Class 1	n/a	n/a	n/a	n/a	26.60%	0.00%
4	SunAmerica - SunAmerica Balanced Portfolio - Class 1	n/a	n/a	n/a	n/a	6.52%	4.50%
6	SunAmerica - SunAmerica Balanced Portfolio - Class 1	n/a	n/a	n/a	n/a	3.86%	2.67%
4	SunAmerica Alliance Growth Portfolio	n/a	n/a	n/a	n/a	9.88%	0.10%
6	SunAmerica Alliance Growth Portfolio	n/a	n/a	n/a	n/a	5.50%	0.05%
4	SunAmerica Asset Allocation Portfolio	n/a	n/a	n/a	n/a	7.40%	4.29%
4	SunAmerica Davis Venture Value Portfolio	n/a	n/a	n/a	n/a	15.65%	4.54%
4	SunAmerica "Dogs" of Wall Street Portfolio	n/a	n/a	n/a	n/a	2.25%	1.55%
4	SunAmerica Emerging Markets Portfolio	n/a	n/a	n/a	n/a	1.80%	0.49%
4	SunAmerica Federated American Leaders Portfolio	n/a	n/a	n/a	n/a	3.14%	0.69%
4	SunAmerica Global Bond Portfolio	n/a	n/a	10.45%	1.84%	n/a	n/a
6	SunAmerica Global Bond Portfolio	n/a	n/a	0.00%	1.84%	n/a	n/a
4	SunAmerica Global Equities Portfolio	n/a	n/a	n/a	n/a	16.64%	0.33%
4	SunAmerica Growth-Income Portfolio	n/a	n/a	n/a	n/a	6.16%	0.74%
6	SunAmerica Growth-Income Portfolio	n/a	n/a	n/a	n/a	4.23%	0.51%
4	SunAmerica International Diversified Equities Portfolio	n/a	n/a	n/a	n/a	6.21%	0.31%
4	SunAmerica International Growth and Income Portfolio	n/a	n/a	n/a	n/a	4.30%	2.06%
4	SunAmerica MFS Mid-Cap Growth Portfolio	n/a	n/a	n/a	n/a	18.47%	0.00%
6	SunAmerica MFS Mid-Cap Growth Portfolio	n/a	n/a	n/a	n/a	10.53%	0.00%
4	SunAmerica MFS Total Return Portfolio	n/a	n/a	2.70%	2.09%	6.54%	5.16%
4	SunAmerica Putnam Growth: Voyager Portfolio	n/a	n/a	n/a	n/a	3.72%	0.00%
4	SunAmerica Telecom Utility Portfolio	n/a	n/a	n/a	n/a	4.04%	2.59%
5	UIF Core Plus Fixed Income Portfolio - Class I	0.61%	0.04%	6.56%	5.81%	5.55%	4.00%

</TABLE>

Footnotes

- 1 Variable Universal Life Policy product.
- 2 Gallery Life product.
- 3 Variable Universal Life Policy product or Gallery Life product.
- 4 Polaris product or Polaris Survivorship product.
- 5 Executive Advantage product.
- 6 Gemstone Life product.

n/a The investment income ratio did not change.

REPORT ON AUDITS OF FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

F-1

[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 Shareholders and Board of Directors
 AIG Life Insurance Company:

In our opinion, the accompanying balance sheets as of December 31, 2004 and 2003 and the related statements of income, shareholders' equity, cash flows and comprehensive income present fairly, in all material respects, the financial position of AIG Life Insurance Company (an indirect wholly-owned subsidiary of American International Group, Inc.) at December 31, 2004 and 2003, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2004, in conformity with 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 financial statements, the Company changed its method of accounting and reporting for certain nontraditional long-duration contracts in 2004.

As discussed in Note 15 to the financial statements, the Company has restated its financial statements as of December 31, 2003 and 2002 and for the years then ended.

PRICEWATERHOUSECOOPERS LLP
 Houston, Texas
 April 29, 2005

F-2

AIG LIFE INSURANCE COMPANY
 BALANCE SHEETS
 (in thousands)

	December 31, 2004	December 31, 2003
	-----	-----
		(Restated)
Assets		
Investments:		
Fixed maturities:		
Bonds available for sale, at fair value	\$ 9,879,583	\$ 9,834,315
(cost: 2004 - \$9,207,004; 2003 - \$9,210,805)		
Equity securities available for sale, at fair value	7,782	3,885

(cost: 2004 - \$5,297; 2003 - \$3,175)

Mortgage loans on real estate	494,343	470,767
Policy loans	254,448	261,908
Other long-term investments	68,168	84,338
Derivative assets, at fair value	52,886	36,495
Short-term investments, at cost (approximates fair value)	40,666	20,405
	-----	-----
Total investments	10,797,876	10,712,113
Cash	12,262	-
Investment income due and accrued	142,437	147,468
Reinsurance assets	118,973	123,500
Deferred policy acquisition costs	253,774	307,175
Premium and insurance balances receivable	36,268	30,775
Amounts due from related parties	13,159	94,749
Other assets	11,580	6,692
Assets held in separate accounts	3,218,345	3,209,288
	-----	-----
Total assets	\$ 14,604,674	\$ 14,631,760
	=====	=====

See accompanying notes to financial statements.

F-3

AIG LIFE INSURANCE COMPANY
BALANCE SHEETS
(in thousands, except share amounts)

	December 31, 2004	December 31, 2003
	-----	-----
		(Restated)
Liabilities		
Policyholders' contract deposits	\$ 7,016,323	\$ 7,310,004
Future policy benefits for life and accident and health insurance contracts	2,374,661	2,319,463
Reserve for unearned premiums	22,371	23,372
Policy and contract claims	99,492	99,925
Amounts due to related parties	58,686	19,664
Income taxes payable	237,511	216,468
Derivative liabilities, at fair value	40,494	45,935
Other liabilities	65,843	48,863
Liabilities related to separate accounts	3,218,345	3,209,288
	-----	-----
Total liabilities	13,133,726	13,292,982
	-----	-----
Shareholders' equity		
Series A preferred stock, \$100,000 par value; 2,500 shares authorized, issued and outstanding	250,000	250,000
Common stock, \$5 par value; 1,000,000 shares authorized; 976,703 issued and outstanding	4,884	4,884
Additional paid-in capital	302,283	302,283
Accumulated other comprehensive income	365,909	312,206
Retained earnings	547,872	469,405
	-----	-----
Total shareholders' equity	1,470,948	1,338,778
	-----	-----
Total liabilities and shareholders' equity	\$ 14,604,674	\$ 14,631,760
	=====	=====

See accompanying notes to financial statements.

F-4

AIG LIFE INSURANCE COMPANY
STATEMENTS OF INCOME
(in thousands)

<TABLE>
<CAPTION>

	Years ended December 31,		
	2004	2003	2002
	-----	-----	-----
		(Restated)	(Restated)
<S>	<C>	<C>	<C>

Revenues:			
Premiums and other considerations	\$ 299,367	\$ 221,443	\$ 280,098
Net investment income	694,417	706,945	723,918
Realized capital gains (losses)	(11,087)	24,217	(119,989)
	-----	-----	-----
Total revenues	982,697	952,605	884,027
	-----	-----	-----
Benefits and expenses:			
Death and other benefits	366,950	289,338	296,317
Increase in future policy benefits	34,901	(2,978)	8,197
Interest credited on policyholder contract deposits	306,867	351,518	407,524
Insurance acquisition and other operating expenses	126,492	153,321	159,139
	-----	-----	-----
Total benefits and expenses	835,210	791,199	871,177
	-----	-----	-----
Income before income taxes	147,487	161,406	12,850
	-----	-----	-----
Income taxes:			
Current	67,265	29,307	22,515
Deferred	(16,881)	26,023	(18,494)
	-----	-----	-----
Total income tax expense	50,384	55,330	4,021
	-----	-----	-----
Net income before cumulative effect of accounting change	97,103	106,076	8,829
Cumulative effect of accounting change, net of tax	(6,911)	-	-
	-----	-----	-----
Net income	\$ 90,192	\$ 106,076	\$ 8,829
	=====	=====	=====

</TABLE>

See accompanying notes to financial statements.

F-5

AIG LIFE INSURANCE COMPANY
STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

<TABLE>

<CAPTION>

	Years ended December 31,		
	2004	2003	2002
		(Restated)	(Restated)
<S>	<C>	<C>	<C>
Preferred Stock			
Balance at beginning and end of year	\$ 250,000	\$ 250,000	\$ 250,000
	-----	-----	-----
Common stock			
Balance at beginning and end of year	4,884	4,884	4,884
	-----	-----	-----
Additional paid-in capital			
Balance at beginning of year	302,283	212,283	153,283
Capital contribution from parent	-	90,000	59,000
	-----	-----	-----
Balance at end of year	302,283	302,283	212,283
	-----	-----	-----
Accumulated other comprehensive income			
Balance at beginning of year	312,206	144,537	11,279
Adjustment (See Note 15)	-	-	18,200
	-----	-----	-----
Balance, as adjusted	312,206	144,537	29,479
Change in net unrealized appreciation of investments - net of reclassifications	61,570	259,485	225,623
Deferred income tax expense on above changes	(22,678)	(89,697)	(81,820)
Change in net derivative (losses) gains arising from cash flow hedging activities	22,786	(3,261)	(44,223)
Deferred income tax benefit (expense) on above changes	(7,975)	1,142	15,478
	-----	-----	-----
Balance at end of year	365,909	312,206	144,537
	-----	-----	-----
Retained earnings			
Balance at beginning of year	469,405	374,929	379,034

Net income	90,192	106,076	8,829
Dividends to shareholders	(11,725)	(11,600)	(12,934)
	-----	-----	-----
Balance at end of year	547,872	469,405	374,929
	-----	-----	-----
Total shareholders' equity	\$ 1,470,948	\$ 1,338,778	\$ 986,633
	=====	=====	=====

</TABLE>

See accompanying notes to financial statements

F-6

AIG LIFE INSURANCE COMPANY
STATEMENTS OF CASH FLOWS
(in thousands)

<TABLE>
<CAPTION>

	Years ended December 31,		
	2004	2003	2002
		(Restated)	(Restated)
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income	\$ 90,192	\$ 106,076	\$ 8,829
Adjustments to reconcile net income to net cash provided by operating activities:			
Change in insurance reserves	46,853	14,357	(66,703)
Change in accounting principles	6,911	-	-
Change in premiums and insurance balances receivable and payable - net	13,020	(6,105)	22,664
Change in reinsurance assets	4,530	(44,575)	36,116
Change in deferred policy acquisition costs	63,458	37,272	29,812
Change in other policyholders' contracts	(114,534)	(80,007)	(268,539)
Interest credited to policyholder contracts	306,867	351,518	407,524
Change in investment income due and accrued	5,031	10,328	(3,081)
Realized capital (gains) losses	11,087	(24,217)	119,989
Change in income taxes - net	(9,610)	29,056	(44,879)
Change in reserves for commissions, expenses and taxes	2,002	9,163	(61,038)
Amortization of premiums and discounts on securities	(33,678)	(8,669)	(9,661)
Change in other assets and liabilities - net	23,593	(46,146)	32,450
	-----	-----	-----
Net cash provided by operating activities	415,722	348,051	203,483
Cash flows from investing activities:			
Sale of fixed maturities	3,106,933	4,188,555	3,307,316
Cost of fixed maturities, matured or redeemed	716,121	493,880	667,900
Sale of equity securities	1,409	33,802	11,789
Sale of real estate	-	-	11,424
Purchase of fixed maturities	(3,809,615)	(4,551,183)	(4,678,000)
Purchase of equity securities	(3,153)	(4,763)	(68)
Purchase of real estate	(1,319)	(4,231)	-
Mortgage loans funded	(72,181)	(142,539)	(49,439)
Repayments of mortgage loans	48,547	32,694	54,016
Change in policy loans	7,460	84,946	(19,231)
Change in short-term investments	(20,260)	24,382	133,530
Change in other long-term investments	24,007	16,835	14,390
Other - net	6,330	(3,895)	(58,536)
	-----	-----	-----
Net cash provided by (used in) investing activities	4,279	168,483	(604,909)
Cash flows from financing activities:			
Deposits on policyholder contracts	149,355	185,933	1,112,583
Withdrawals on policyholder contracts	(635,369)	(749,867)	(698,884)
Capital contribution from parent	90,000	59,000	-
Dividends to shareholders	(11,725)	(11,600)	(12,934)
	-----	-----	-----
Net cash provided by (used in) financing activities	(407,739)	(516,534)	400,765
	-----	-----	-----
Change in cash	12,262	-	(661)
Cash at beginning of period	-	-	661
	-----	-----	-----
Cash at end of year	12,262	-	-
	=====	=====	=====

</TABLE>

See accompanying notes to financial statements.

AIG LIFE INSURANCE COMPANY
STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

<TABLE>
<CAPTION>

	Years ended December 31,		
	2004	2003	2002
		(Restated)	(Restated)
<S>	<C>	<C>	<C>
Comprehensive income			
Net income	\$ 90,192	\$ 106,076	\$ 8,829
Other comprehensive income			
Change in net unrealized appreciation of investments - net of reclassifications	61,570	259,485	225,623
Deferred income tax expense on above changes	(22,678)	(89,697)	(81,820)
Change in net derivative (losses) gains arising from cash flow hedging activities	22,786	(3,261)	(44,223)
Deferred income tax benefit (expense) on above changes	(7,975)	1,142	15,478
Other comprehensive income	53,703	167,669	115,058
Comprehensive income	\$ 143,895	\$ 273,745	\$ 123,887

</TABLE>

See accompanying notes to financial statements.

AIG LIFE INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations

AIG Life Insurance Company (the "Company") is part of the Domestic Life Insurance Division (the "Life Division") of American International Group, Inc. ("AIG"), its ultimate parent. The Company, domiciled in Delaware, has been doing business since 1962 as a provider of individual and group life insurance, fixed, variable, terminal funding annuities, immediate annuities, and structured settlement contracts. The Company is currently licensed to write and reinsure life, annuity and accident and health business in the District of Columbia, Puerto Rico and all states except New York.

2. Summary of Significant Accounting Policies

- (a) Basis of Presentation: The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates and assumptions are particularly significant with respect to investments, deferred policy acquisition costs and future policy benefits. Ultimate results could differ from those estimates.
- (b) Statutory Accounting: The Company is 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 did not have a material effect on statutory capital and surplus at December 31, 2004. Statutory net income and capital and surplus of the Company are as follows:

2004	2003
-----	-----
(in thousands)	

Statutory net income	\$ 131,585	\$ 82,085
Statutory capital and surplus	\$ 739,951	\$ 629,521

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 management's best 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 furniture and equipment, 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

F-9

2. Summary of Significant Accounting Policies - (continued):

(b) Statutory Accounting - (continued):

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 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.

(c) Insurance Contracts: The insurance contracts accounted for in these financial statements include primarily long-duration contracts. Long-duration contracts include 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.

(d) Investments: Fixed maturities classified as available-for-sale are recorded at fair value. Interest income with respect to fixed maturity securities is accrued currently. Included in fixed maturities available for sale are collateralized mortgage obligations ("CMOs"). Premiums and discounts arising from the purchase of CMOs are treated as yield adjustments over their estimated lives. Common and non-redeemable preferred stocks are carried at fair value. Dividend income is generally recognized on ex-dividend dates. Short-term investments consist of interest bearing cash accounts and money market instruments, and are carried at cost, which approximates fair value.

Unrealized gains and losses from investments in equity securities and fixed maturities available for sale are reflected as a separate component of comprehensive income, net of related deferred acquisition cost amortization and deferred income taxes in shareholders' equity.

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 Companies 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.

F-10

2. Summary of Significant Accounting Policies - (continued):

(d) Investments - (continued):

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.

Mortgage loans on real estate are carried at the unpaid principal balance less unamortized loan origination fees and costs and net of an allowance for uncollectible loans. 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 primarily 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. There was no allowance for uncollectible loans at December 31, 2004 and 2003.

Policy loans are carried 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.

Other long-term investments consist primarily of limited partnerships and other investments not classified elsewhere herein. 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 in net investment income, consistent with the equity method of accounting.

Securities held under collateral agreements consists primarily of invested collateral with respect to the Company's securities lending program. The Company has entered into 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 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% 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 statements of income and comprehensive income.

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. These 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.

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. Interest on delinquent mortgage loans is recorded as income when received. Dividends are recorded as income on ex-dividend dates.

F-11

2. Summary of Significant Accounting Policies - (continued):

(d) Investments - (continued):

Income on mortgage-backed securities is recognized using a constant effective yield based on estimated prepayments of the underlying mortgages. If actual prepayments differ from estimated prepayments, a new effective yield is calculated and the net investment in the security is adjusted accordingly. The adjustment is recognized in net investment income.

(e) Deferred Acquisition Costs ("DAC"): DAC consists of commissions and other costs that vary with and are primarily related to the production or acquisition of new business. Policy acquisition costs for traditional life insurance products are generally deferred and amortized over the premium paying period of the policy. Policy acquisition costs related to universal life and investment-type products (non-traditional products) are deferred and amortized, with interest, in relation to estimated gross profits ("EGPs") to be realized over the estimated lives of the contracts. EGPs are composed of net investment income, net realized investment gains and losses, mortality and expense margins and surrender charges. The Company reviews for reasonability, the carrying amounts of DAC 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.

With respect to the Company's variable life and annuity contracts, the assumption for the long-term annual net growth of the separate and variable account assets used by the Company in the determination of DAC amortization is approximately 10% (the "long-term growth rate assumption"). The Company uses a "reversion to the mean" methodology which allows the Company to maintain this 10% 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% during the first year following the introduction of a product, the DAC model would assume that market returns for the following five years (the "short-term growth rate assumption") would approximate 9%, resulting in an average annual growth rate of 10% during the life of the product. Similarly, following periods of below 10% performance, the model will assume a short-term growth rate higher than 10%. A DAC adjustment will occur if management considers the short-term growth rate (i.e., the growth rate required to revert to the mean 10% 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.

DAC is adjusted with respect to non-traditional products as a result of changes in the net unrealized gains or losses on debt and equity securities available for sale. That is, as fixed maturity and equity securities available for sale are carried at aggregate fair value, an adjustment is made to deferred policy acquisition costs equal to the change in amortization that would have been recorded if such securities had been sold at their stated aggregate fair value and the proceeds reinvested at current yields. The adjustment, net of tax, is included with the

change in net unrealized gains or losses on fixed maturity and equity securities available for sale that is recorded directly to other comprehensive income.

- (f) Income Taxes: The Company joins in a consolidated federal income tax return with AIG and its domestic subsidiaries. The Company and AIG have a written tax allocation agreement whereby AIG agrees not to charge the Company a greater portion of the consolidated tax liability than

F-12

2. Summary of Significant Accounting Policies - (continued)

would have been paid by the Company if it had filed a separate return. Additionally, AIG agrees to reimburse the Company for any tax benefits, if any, arising out of its net losses and tax credits within ninety days after the filing of that consolidated tax return for the year in which these losses and tax credits are utilized. Deferred federal income taxes are provided for temporary differences related to the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns, 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.

- (g) Premium Recognition and Related Benefits and Expenses: 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 and are included in premiums and other considerations. 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 DAC.

Premiums for traditional life insurance products are recognized when due. A liability for future policy benefits is recorded using the net level premium method.

For limited payment contracts, primarily the Company's life contingent annuities and terminal funding contracts, net premiums are recorded as revenue when due and the difference between the gross premium and the net premium is deferred and recognized in income in a constant relationship to the amount of expected future benefit payments. Reserves for these contracts are based on estimates of the cost of future policy benefits.

Premiums on accident and health premiums are reported as earned over the contract term. The portion of accident and health premiums which is not earned at the end of a reporting period is recorded as reserves for unearned premiums.

- (h) Policy and Contract Claims: Policy and contract claims include amounts representing: (1) the actual in-force amounts for reported life claims and an estimate of incurred but unreported claims, and, (2) an estimate, based upon prior experience, for accident and health claims reported and for incurred but unreported losses. The methods of making such estimates and establishing the resulting reserves are continually reviewed and updated and any adjustments resulting therefrom are reflected in income currently.
- (i) Separate and Variable Accounts: Separate and variable accounts represent funds for which investment income and investment gains and losses accrue directly to the policyholders who bear the investment risk, except to the extent of minimum guarantees made by the Company with respect to certain amounts. Each account has specific investment objectives, and the assets are carried at fair value. The assets of each account are legally segregated and are not subject to claims which arise out of any other business of the Company. Investment income, realized investment

gains (losses) and policyholder account deposits and withdrawals related to separate accounts are excluded from the statements of income, comprehensive income and cash flows. 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 statements of income.

F-13

2. Summary of Significant Accounting Policies - (continued)

(j) **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 contractholder, the contractholder's beneficiary will receive the greater of (1) the contractholder's account value, or (2) a guaranteed minimum death benefit (the "GMDB") that varies by product. These benefits have 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 contractholder account balances, and that the fees collected under the contract are insufficient to cover the costs of the benefit to be provided. The Company limits this risk through the use of reinsurance arrangements. 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 does provide 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 statement of income. The Company regularly evaluates estimates used and adjusts the additional liability balance, with a related charge or credit to guaranteed minimum death benefits expense, if actual experience or other evidence suggests that earlier assumptions should be revised.

(k) **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.

Reinsurance assets include the balances due from both reinsurance and insurance companies under the terms of the Company's reinsurance arrangements for ceded unearned premiums, future policy benefits for life and accident and health insurance contracts, policyholder contract deposits and policy and contract claims.

(l) **Derivatives:** The Company takes positions from time to time in certain derivative financial instruments in order to mitigate the impact of changes in interest rates or equity markets on cash flows or certain policyholder liabilities. Financial instruments used by the Company for such purposes include interest rate swaps and foreign currency swaps. The Company recognizes all derivatives in the balance sheet at fair value. The financial statement recognition of the change in the fair value of a derivative depends on a number of factors, including the intended use of the derivative and the extent to which it is effective as part of a hedge transaction.

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

F-14

2. Summary of Significant Accounting Policies - (continued)

(1) Derivatives - (continued):

the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value" hedge). It is a cash flow hedge if it hedges a forecasted transaction, or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge). 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, along with the loss or gains on the hedged item attributed to the hedged risk. The gain or loss in the fair value of a derivative that is designated, qualifies and is highly effective as a cash flow hedge, is recorded in other comprehensive income until earnings are affected by the variability of cash flows.

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. This process includes linking all derivatives that are designated as hedges to specific assets or liabilities on the balance sheet, or specific firm commitments. 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 of hedged items.

During 2004, there were no hedges that were discontinued or otherwise no longer qualify as hedges. The impact of fair value adjustments on derivatives which do not qualify for hedge accounting and any ineffectiveness resulting from hedging activities have been recorded in net realized capital gains (losses).

(m) Reclassifications: Certain prior period items have been reclassified to conform to the current period presentation.

(n) 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 financial statements. An entity is subject to FIN 46 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. 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. All other entities, not considered VIEs, are evaluated for consolidation under existing guidance. In December 2003, the FASB issued a revision to Interpretation No. 46 ("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.

F-15

2. Summary of Significant Accounting Policies - (continued)

(n) Recently Issued Accounting Standards - (continued):

The adoption of FIN46R did not have a significant impact on the Company's results of operations or financial condition.

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

- (i) The Company uses VIEs primarily in connection with certain guaranteed investment contract programs (GIC Programs). In the GIC Programs, the Company provides guaranteed investment contracts to VIEs which are not controlled by the Company, and in which the Company does not have a direct variable interest, as defined under FIN46R, in the entity. The VIE issues notes or bonds which are sold to third party institutional investors. The Company has no obligation to the investors in the notes or bonds. The proceeds from the securities issued by the VIE are invested by the VIE in the GICs. The Company uses their proceeds to invest in a diversified portfolio of securities, primarily investment grade bonds. Both the assets and the liabilities of the Company arising from these GIC Programs are presented in the Company's balance sheet.
- (ii) 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.
- (iii) 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 is 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 one-time cumulative accounting change upon adoption was \$6.9 million, after taxes, and recorded in the first quarter of 2004. In addition, under SOP 03-01, variable annuity assets held in separate accounts 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 is 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

F-16

2. Summary of Significant Accounting Policies - (continued)

- (n) Recently Issued Accounting Standards - (continued):

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.

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 financial position or 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 03-1. 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 financial position or results of operations. In September 2004, the AICPA SOP 03-1 Implementation Task Force issued a Technical Practice Aid ("TPA") to clarify certain aspects of SOP 03-1. The Company is currently evaluating the effect of the implementation of this TPA in its operations on the Company's financial position or results of operations.

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 supersedes 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 believe the impact will not be material to AIG's or the Company's results of operations.

F-17

3. Investment Information

- (a) Net Investment Income: An analysis of net investment income is as follows (in thousands):

	Years ended December 31,		
	2004	2003	2002
		(Restated)	(Restated)
Fixed maturities	\$ 629,928	\$ 648,416	\$ 655,148
Equity securities	13	1,446	2,722
Mortgage loans	33,470	31,785	28,360
Policy loans	18,285	24,367	27,636
Cash and short-term investments	673	520	1,702
Other long-term investments	18,442	8,450	12,624
Total investment income	700,811	714,984	728,192
Investment expenses	(6,394)	(8,039)	(4,274)
Net investment income	\$ 694,417	\$ 706,945	\$ 723,918

(b) Investment Gains and Losses: The net realized capital gains (losses) and change in unrealized appreciation (depreciation) of investments for 2004, 2003 and 2002 are summarized below (in thousands):

	Years ended December 31,		
	2004	2003	2002
		(Restated)	(Restated)
Realized gains (losses) on investments:			
Fixed maturities	\$ (2,703)	\$ 27,352	\$ (61,748)
Equity securities	422	1,804	(7,304)
Mortgage loans	-	(448)	-
Other long-term investments	(8,806)	(4,491)	(50,937)
Realized gains (losses)	\$ (11,087)	\$ 24,217	\$ (119,989)
Change in net unrealized appreciation (depreciation) of investments:			
Fixed maturities	\$ 49,069	\$ 302,768	\$ 259,353
Equity securities	1,775	(1,587)	7,976
Deferred policy acquisition costs	10,726	(41,696)	(41,706)
Derivative asset	22,786	(3,261)	(44,223)
Change in net unrealized appreciation (depreciation) of investments	\$ 84,356	\$ 256,224	\$ 181,400

During 2004, 2003 and 2002, gross gains of \$59,556,000, \$122,172,000 and \$101,318,000, respectively, and gross losses of \$60,759,000, \$96,220,000 and \$194,501,000, respectively, were realized on dispositions of fixed maturity investments. The 2004, 2003 and 2002 losses include

F-18

3. Investment Information - (continued):

(b) Investment Gains and Losses - (continued):

writedowns of \$13,357,000, \$48,860,000 and \$50,430,000, respectively, for certain securities available for sale, which experienced a decline in value that was deemed other than temporary. 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 investments.

During 2004, 2003 and 2002, gross gains of \$422,000, \$1,873,000 and \$465,000, respectively, and gross losses of \$0, \$69,000 and \$7,769,000, respectively, were realized on dispositions of equity securities.

During 2004, the Company recognized a \$7,318,776 write-down on its investment in a joint venture partnership.

The following table summarizes the gross unrealized losses and cost on fixed maturities and equity securities, aggregated by the length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2004 (in thousands).

<TABLE>
<CAPTION>

December 31, 2004	12 months or less		Greater than 12 months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Fixed maturities	\$811,059	\$22,018	\$192,468	\$20,386	\$1,003,527	\$42,404
Equity Securities	3,440	440	-	-	3,440	440
Total	\$814,499	\$22,458	\$192,468	\$20,386	\$1,006,967	\$42,844

</TABLE>

(c) Amortized Cost and Fair Value of Fixed Maturities and Equity Securities: The amortized cost and fair value of investments in fixed maturities and equity securities at December 31, 2004 and 2003 are as follows (in thousands):

<TABLE>
<CAPTION>

2004	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<S>	<C>	<C>	<C>	<C>
Fixed maturities:				
U.S. Government and government agencies and authorities	\$ 66,124	\$ 12,039	\$ 238	\$ 77,925
Foreign Governments	102,437	7,976	38	110,375
States, municipalities and political subdivisions	36,141	4,348	200	40,289
Mortgage-backed securities	1,115,677	54,862	3,525	1,167,014
All other corporate	7,886,625	635,758	38,403	8,483,980
Total fixed maturities	\$ 9,207,004	\$ 714,983	\$ 42,404	\$ 9,879,583
Equity securities	\$ 5,297	\$ 2,925	\$ 440	\$ 7,782

</TABLE>

F-19

3. Investment Information - (continued):

(c) Amortized Cost and Fair Value of Fixed Maturities and Equity Securities - (continued):

<TABLE>
<CAPTION>

2003	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<S>	(Restated) <C>	(Restated) <C>	(Restated) <C>	(Restated) <C>
Fixed maturities:				
U.S. Government and government agencies and authorities	\$ 60,499	\$ 15,079	\$ 43	\$ 75,535
Foreign Governments	77,051	5,100	397	81,754
States, municipalities and political subdivisions	30,837	4,051	153	34,735
Mortgage-backed securities	1,081,357	59,326	1,587	1,139,096
All other corporate	7,961,061	609,429	67,295	8,503,195
Total fixed maturities	\$ 9,210,805	\$ 692,985	\$ 69,475	\$ 9,834,315
Equity securities	\$ 3,175	\$ 710	\$ -	\$ 3,885

</TABLE>

The amortized cost and fair value of fixed maturities, available for sale at December 31, 2004, by contractual maturity, are shown below (in thousands). Actual maturities could differ from contractual maturities because certain borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
Fixed maturity securities, excluding mortgage-backed securities:		
Due in one year or less	\$ 443,199	\$ 451,481
Due after one year through five years	1,646,489	1,740,183
Due after five years through ten years	2,051,877	2,186,330
Due after ten years	3,949,762	4,334,575
Mortgage-backed securities	1,115,677	1,167,014
Total fixed maturity securities	\$ 9,207,004	\$ 9,879,583

(d) Net Unrealized Gains (Losses) on Fixed Maturities and Equity

Securities: Net unrealized gains (losses) on fixed maturities and equity securities included in accumulated other comprehensive income at December 31 are as follows (in thousands):

	2004	2003	2002
Gross unrealized gains	\$ 717,908	\$ 693,695	\$ 608,187
Gross unrealized losses	(42,844)	(69,475)	(285,148)
Deferred policy acquisition costs	(72,676)	(83,402)	(41,706)
Deferred income tax expense	(213,673)	(190,995)	(101,298)
Net unrealized gains on securities	\$ 388,715	\$ 349,823	\$ 180,035

F-20

3. Investment Information - (continued):

- (e) Fixed Maturities Below Investment Grade: At December 31, 2004 and 2003, the fixed maturities held by the Company that were below investment grade had an aggregate amortized cost of \$605,708,000 and \$831,328,000, respectively, and an aggregate market value of \$643,178,000 and \$823,132,000, respectively.
- (f) Non-income Producing Assets: Non-income producing assets were insignificant to the Company's statement of income.
- (g) Investments Greater than 10% of Equity: There were no individual investment securities in which the market value exceeded 10% of the Company's total shareholders' equity at December 31, 2004.
- (h) Statutory Deposits: Securities with a carrying value of \$3,395,000 and \$3,387,000 were deposited by the Company under requirements of regulatory authorities as of December 31, 2004 and 2003, respectively.
- (i) Mortgage Loans: At December 31, 2004, mortgage loans were collateralized by properties primarily located in seven geographic areas, with loans totaling approximately 53% of the aggregate carrying value of the portfolio secured by properties located in the Northeast region, 15% in the West region and 12% in the Mid-Atlantic region, 9% in the Southeast and 8% in the Mid-west. No more than 3% of the portfolio was secured by properties in any other single geographic region.

At December 31, 2004, the type of property collateralizing the mortgage loan portfolio was approximately 53% for office, 14% for residential, 10% for hotels, 9% for industrial, 8% for retail and 6% for other.

4. Deferred Policy Acquisition Costs

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 charged to income, excluding certain amounts deferred and amortized in the same period (in thousands).

	Years ended December 31,		
	2004	2003	2002
Balance at beginning of year	\$ 307,175	\$ 386,258	\$ 457,694
Acquisition costs deferred	10,254	53,661	51,983
Amortization charged to income	(74,381)	(91,048)	(76,703)
Effect of net unrealized gains(losses)	10,726	(41,696)	(41,706)
DAC transfer for terminated reinsurance	-	-	(5,010)
Balance at end of year	\$ 253,774	\$ 307,175	\$ 386,258

During 2002, the Company terminated a YRT reinsurance treaty with an affiliate relating to certain assumed group accident and health business. The Company released deferred policy acquisition costs totaling \$5.0 million recorded with respect to this treaty.

5. Policyholder Contract Deposits and Future Policy Benefits

- (a) The analysis of the future policy benefits and policyholder contract deposits at December 31, 2004 and 2003 follows (in thousands):

	2004	2003
	-----	-----
Policyholder contract deposits:		
Annuities	\$ 3,698,107	\$ 3,831,436
Universal life	445,538	432,318
Guaranteed investment contracts ("GICs")	1,247,678	1,405,624
Corporate-owned life insurance	1,593,169	1,606,894
Other contract deposits	31,831	33,732
	-----	-----
	\$ 7,016,323	\$ 7,310,004
	=====	=====

	2004	2003
	-----	-----
Future policy benefits:		
Ordinary life	\$ 71,398	\$ 68,919
Group life	19,234	17,081
Life contingent annuities	1,035,580	1,013,088
Terminal funding	1,133,143	1,112,932
Accident and health	115,306	107,443
	-----	-----
	\$ 2,374,661	\$ 2,319,463
	=====	=====

- (b) The liability for policyholder contract deposits has been established based on the following assumptions:
- (i) Interest rates credited on deferred annuities, which vary by territory and year of issuance, range from 3.0 percent to 6.8 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 zero to 6 percent grading to zero over a period of zero to 7 years.
 - (ii) Domestically, GICs have market value withdrawal provisions for any funds withdrawn other than benefit responsive payments. Interest rates credited generally range from 3.81 percent to 7.8 percent and maturities range from 3 to 7 years. The vast majority of these GICs mature within 5 years.
 - (iii) Interest rates on corporate-owned life insurance business are guaranteed at 4.0 percent and the weighted average rate credited in 2004 was 5.69 percent.
 - (iv) The universal life funds, exclusive of corporate-owned life insurance business, have credited interest rates of 4.50 percent to 6.15 percent and guarantees ranging from 3.0 percent to 5.5 percent depending on the year of issue. Additionally, universal life funds are subject to surrender charges that amount to 4.0 percent of the fund balance and grade to zero over a period not longer than 20 years.
- (c) The liability for future policy benefits has been established based upon the following assumptions:
- (i) Interest rates (exclusive of immediate/terminal funding annuities), which vary by year of issuance and products, range from 3.0 percent to 8.0 percent within the first 20 years. Interest rates on immediate/terminal funding annuities are at a maximum of 7.62 percent and grade to not less than 1.85 percent.

5. Policyholder Contract Deposits and Future Policy Benefits - (continued):

- (ii) Mortality and surrender rates are based upon actual experience modified to allow for variations in policy form. The weighted average lapse rate for individual life, including surrenders, approximated 5.2 percent.

6. Reserves For Guaranteed Benefits:

Details concerning the Company's guaranteed minimum death benefit (GMDB) exposure as of December 31, 2004 were as follows:

Return of Net Deposits
Plus a Minimum Return

(dollars in millions)

Account value	\$	1,886
Net amount at risk (a)		102
Average attained age of contract holders		68
Range of GMDB increase rates (b)		0.00%-10.00%

- (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.
- (b) Reinsured with top rated companies

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 thousands)
Balance at January 1, 2004 (b)	\$ 733
Guaranteed benefits incurred	1,930
Guaranteed benefits paid	(2,311)

Balance at December 31, 2004	\$ 352
	=====

- (b) Included is 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 87.5% of the 1983a table.
- . Lapse rates vary by contract type and duration and range from 5% to 25% with an average of 15%.
- . The discount rate was 8%.

F-23

7. Income Taxes

- (a) Income tax liabilities were as follows (in thousands):

	Years ended December 31, 2004	2003
	-----	-----
		(Restated)
Current tax receivables	\$ 6,779	\$ 17,799
Deferred tax liabilities	(244,290)	(234,267)
	-----	-----
Income taxes payable	\$ (237,511)	\$ (216,468)
	=====	=====

The components of deferred tax assets and liabilities were as follows (in thousands):

	Years ended December 31, 2004	2003
	-----	-----
		(Restated)
Deferred tax assets applicable to:		
Policy reserves	\$ 37,696	\$ 42,775
Basis differential of investments	4,620	16,037
Other	5,991	121
	-----	-----

Total deferred tax assets	48,307	58,933
	-----	-----
Deferred tax liabilities applicable to:		
Deferred policy acquisition costs	88,821	107,511
Net unrealized appreciation on debt and equity securities available for sale	201,525	171,177
Other	2,251	14,512
	-----	-----
Total deferred tax liabilities	292,597	293,200
	-----	-----
Net deferred tax liabilities	\$ (244,290)	\$ (234,267)
	=====	=====

(b) 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 \$2.2 million of policyholders' surplus on which no deferred tax liability has been recognized, as federal income taxes are not required unless this amount 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 policyholders' surplus account became taxable at the current federal income tax rates, the tax would be approximately \$772,000. 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.

(c) The provision for income taxes differs from the amount of income tax determined by applying the applicable U.S. statutory federal tax rate to pretax income (loss) as a result of the following differences (in thousands):

	Years ended December 31,		
	2004	2003	2002
	-----	-----	-----
		(Restated)	(Restated)
Income tax (benefit) at statutory percentage of GAAP pretax income (loss)	\$ 51,620	\$ 56,492	\$ 4,498
State income tax	315	78	1,272
Dividends received deduction	-	-	(630)
Prior year true-up	(1,540)	(759)	(1,125)
Other	(11)	(481)	6
	-----	-----	-----
Income tax expense	\$ 50,384	\$ 55,330	\$ 4,021
	=====	=====	=====

F-24

7. Income Taxes (continued):

(d) The Internal Revenue Service (IRS) is currently examining the Parent's tax return for the tax years 1991 to 2001. Although the final outcome of any issues raised in examination is uncertain, the Parent Company believes that the ultimate liability, including interest, will not materially exceed amounts recorded in the consolidated financial statements.

The Company has a written agreement with AIG under which each subsidiary agrees to pay AIG an amount equal to the consolidated federal income tax expense, multiplied by the ratio that the subsidiary's separate return tax liability bears to the consolidated tax liability, plus one hundred percent of the excess of the subsidiary's separate return tax liability over the allocated consolidated tax liability. AIG agrees to pay each subsidiary for the tax benefits, if any, of net operating losses and tax credits which are not usable by the subsidiary but which are used by other members of the consolidated group.

8. Commitments and Contingencies

The Company is party to various lawsuits and proceedings arising in the ordinary course of business. 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'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.

The Company had \$27.5 million and \$25.8 million of unfunded commitments for its investments in limited partnerships at December 31, 2004 and 2003, respectively.

9. Derivative Financial Instruments

- (a) Use of Derivative Financial Instruments: The Company's use of derivative financial instruments is generally limited to interest rate and currency swap agreements, and, at times, options to enter into interest rate swap agreements (call and put options). The Company is neither a dealer nor a trader in derivative financial instruments.

Hedge accounting requires a high correlation between changes in fair values or cash flows of the derivative financial instrument and the specific item being hedged, both at inception and throughout the life of the hedge. For fair value hedges, gains and losses on both the derivative and the hedged item attributable to the risk being hedged are recognized in earnings. For both cash flow hedges and foreign currency hedges, to the extent the hedge is effective, gains and losses on both the derivative and the hedged item attributable to the risk being hedged are recognized as a component of other comprehensive income in shareholders' equity. Any ineffective portion of both cash flow hedges and foreign currency hedges are reported in net realized investment gains (losses).

F-25

9. Derivative Financial Instruments - (continued):

- (b) 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.

- (c) Interest Rate and Currency Swap Agreements: The Company uses interest rate swap agreements to convert specific investment securities from a floating to a fixed rate basis, or vice versa, and to hedge against the risk of declining interest rates on anticipated security purchases. Interest rate swaps in which the Company agrees to pay a fixed rate and receive a floating rate

are accounted for as fair value hedges. Interest rate swaps in which the Company agrees to pay a floating rate and receive a fixed rate are accounted for as cash flow hedges.

Currency swap agreements are used to convert cash flow from specific investment securities denominated in foreign currencies into U.S. dollars at specific exchange rates and to hedge against currency rate fluctuation on anticipated security purchases.

The difference between amounts paid and received on swap agreements is recorded on an accrual basis as an adjustment to net investment income or interest expense, as appropriate, over the periods covered by the agreements. The related amount payable to or receivable from counterparties is included in derivative liabilities or assets.

The fair values of swap agreements are recognized in the balance sheets if the hedged investments are carried at fair value or if they hedge anticipated purchases of such investments. In this event, changes in the fair value of a swap agreement are reported in net unrealized gains on securities included in other accumulated comprehensive income in shareholders' equity, consistent with the treatment of the related investment security.

For swap agreements hedging anticipated investment purchases, the net swap settlement amount or unrealized gain or loss is deferred and included in the measurement of the anticipated transaction when it occurs.

Swap agreements generally have terms of two to ten years. Any gain or loss from early termination of a swap agreement is deferred and amortized into income over the remaining term of the related investment. If the underlying investment is extinguished or sold, any related gain or loss on swap agreements is recognized in income.

F-26

9. Derivative Financial Instruments - (continued):

(c) Interest Rate and Currency Swap Agreements - (continued):

Interest rate and currency swap agreements related to investment securities at December 31 were as follows (in millions):

<TABLE>
<CAPTION>

	2004 ----- <C>	2003 ----- <C>
<S>		
Liability swaps		
Interest rate swap agreements to receive floating rate:		
Notional amount	\$ 626.9	\$ 606.9
Fair Value	(20.0)	(37.0)
Currency swap agreements (receive U.S. dollars/pay Koruna):		
Notional amount (in U.S. dollars)	\$ 52.4	\$ 52.4
Fair Value	23.0	(4.0)
Currency swap agreements (receive U.S. dollars/pay Euro dollars):		
Notional amount (in U.S. dollars)	\$ 51.1	\$ 51.1
Fair Value	29.0	21.0
Currency swap agreements (receive U.S. dollars/pay Japanese Yen):		
Notional amount (in U.S. dollars)	-	\$ 58.3
Fair Value	-	11.0
Asset Swaps:		
Currency swap agreements (receive U.S. dollars/pay Euro dollars):		
Notional amount (in U.S. dollars)	\$ 15.8	\$ 15.8
Fair Value	(5.0)	(4.0)
Currency swap agreements (receive U.S. dollars/pay British pounds):		
Notional amount (in U.S. dollars)	\$ 50.0	-
Fair Value	(5.0)	-
Currency swap agreements (receive U.S. dollars/pay Canadian dollars):		
Notional amount (in U.S. dollars)	\$ 7.3	-
Fair Value	(2.0)	-

</TABLE>

10. Fair Value of Financial Instruments

- (a) 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.

F-27

10. Fair Value of Financial Instruments - (continued)

The fair value and carrying amounts of financial instruments are as follows (in thousands):

2004 ----	Fair Value -----	Carrying Amount -----
Cash and short-term investments	\$ 52,928	\$ 52,928
Fixed maturities	9,879,583	9,879,583
Equity securities	7,782	7,782
Mortgage and policy loans	759,014	748,791
Investment contracts	4,972,727	4,945,786
Other long-term investments	68,168	68,168
Assets and liabilities related to separate accounts	3,218,345	3,218,345
Derivative assets	52,886	52,886
Derivative liabilities	40,494	40,494
2003 ----	Fair Value -----	Carrying Amount -----
		(Restated)
Cash and short-term investments	\$ 20,405	\$ 20,405
Fixed maturities	9,834,315	9,834,315
Equity securities	3,885	3,885
Mortgage and policy loans	758,274	732,675
Investment contracts	5,496,930	5,237,060
Other long-term investments	84,338	84,338
Assets and liabilities related to separate accounts	3,209,288	3,209,288
Derivative assets	36,495	36,495
Derivative liabilities	45,935	45,935

- (b) The following methods and assumptions were used by the Company in estimating the fair value of the financial instruments presented:

Cash and short-term investments: The carrying amounts reported in the balance sheet for these instruments approximate fair values.

Fixed maturity securities: Fair value is based principally on independent pricing services broker quotes and other independent information. For securities that do not have readily determinable market prices, the Company estimates their fair value with internally prepared valuations (including those based on estimates of future profitability). Otherwise, the Company uses 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.

F-28

10. Fair Value of Financial Instruments - (continued)

Equity securities: Fair values for equity securities were based upon quoted market prices.

Mortgage loans on real estate and policy loans: Where practical, the fair values of loans on real estate were estimated using discounted cash flow calculations based upon the Company's current incremental lending rates for similar type loans. The fair value of the policy loans were estimated to approximate carrying value.

Investment contracts: For guaranteed investment contracts, income annuities and other similar contracts without life contingencies, estimated fair values are derived using discounted cash flow calculations based upon interest rates currently being offered for similar contracts consistent with those remaining for the contracts being valued.

Other long-term investments: Fair value of other invested assets is based upon the fair-value of the net assets of these investments as determined by the general partners.

Assets and liabilities related to separate accounts: Separate and variable accounts are carried at the quoted market value of the underlying securities. The liabilities for these amounts are equal to the account assets.

Derivatives: Fair values for derivative assets and liabilities were based upon quoted market prices.

11. Shareholders' Equity:

- (a) The Board of Directors is authorized to issue up to 1,000,000 shares of preferred stock that may be issued in one or more series and with such stated value and terms as may be determined by the Board of Directors. There were 2,500 Series A preferred shares with a par value of \$100,000 authorized, issued and outstanding at December 31, 2004 and 2003. The holder of Series A preferred stock is entitled to cumulative dividends at a rate which is recalculated on a quarterly basis. Common stock dividends may not be paid unless provision has been made for payment of Series A preferred dividends. The Series A preferred stock has no additional voting rights. The terms of the Series A preferred stock include the right of the Company to redeem all shares at par value any time at the option of the Company.
- (b) The maximum shareholder dividend, which can be paid without prior regulatory approval, is limited to an amount that is based on restrictions relating to statutory surplus. During 2004 and 2003, the Company paid dividends of \$11,725,000 and \$11,600,000, respectively, to its shareholders.
- (c) The Company recorded a capital contribution from its parent in the amount of \$90 million during 2003. The contribution was received by the Company subsequent to December 31, 2003. The Company also recorded a capital contribution from its parent in the amount of \$59 million during 2002, that was received during 2003.

F-29

12. Employee Benefits

- (a) Effective January 1, 2002, substantially all 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.

13. Reinsurance

- (a) The Company reinsures portions of its life and accident and health insurance risks with unaffiliated companies. Life insurance risks are reinsured primarily under coinsurance and yearly renewable term treaties. Accident and health insurance risks are reinsured primarily under coinsurance, excess of loss and quota share treaties. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for the underlying policy benefits and are presented as a component of reinsurance assets. A contingent liability exists with respect to reinsurance ceded to the extent that any reinsurer is unable to meet the obligations assumed under the reinsurance agreements.

The Company also reinsures portions of its life and accident and health insurance risks with affiliated companies (see Note 14). The effect of all reinsurance contracts, including reinsurance

assumed, is as follows (in thousands, except percentages):

<TABLE>
<CAPTION>

2004	Life Insurance in Force	Premiums and Other Considerations			
		Life	Accident and Health	Annuity	Total
<S>	<C>	<C>	<C>	<C>	<C>
Gross Premiums	36,527,437	163,299	365,337	140,710	669,346
Assumed - Nonaffiliated	-	(113)	-	-	(113)
Assumed - Affiliated	10,949	(49)	-	-	(49)
Total Assumed	10,949	(162)	-	-	(162)
Ceded - Nonaffiliated	10,581,608	38,161	8,899	5,705	52,765
Ceded - Affiliated	3,828,489	764	316,288	-	317,052
Total Ceded	14,410,097	38,925	325,187	5,705	369,817
Net Premiums	22,128,289	124,212	40,150	135,005	299,367
Percentage of Amount Assumed to Net	0.05%	0.13%	-	-	0.06%

F-30

13. Reinsurance - (continued)

<TABLE>
<CAPTION>

2003	Life Insurance in Force	Premiums and Other Considerations			
		Life	Accident and Health	Annuity	Total
<S>	<C>	<C>	<C>	<C>	<C>
Gross Premiums	41,971,038	152,345	341,266	62,945	556,556
Assumed - Nonaffiliated	-	113	-	-	113
Assumed - Affiliated	18,593	(9)	(33,385)	-	(33,394)
Total Assumed	18,593	104	(33,385)	-	(33,281)
Ceded - Nonaffiliated	10,887,505	25,131	19,702	6,422	51,255
Ceded - Affiliated	4,334,490	(12)	250,592	-	250,580
Total Ceded	15,221,995	25,119	270,294	6,422	301,835
Net Premiums	26,767,636	127,330	37,587	56,523	221,440
Percentage of Amount Assumed to Net	0.07%	0.08%	-88.82%	-	-15.02%

<TABLE>
<CAPTION>

2002	Life Insurance in Force	Premiums and Other Considerations			
		Life	Accident and Health	Annuity	Total
<S>	<C>	<C>	<C>	<C>	<C>
Gross Premiums	44,235,453	145,331	318,180	121,882	585,393
Assumed - Nonaffiliated	-	-	274	-	274
Assumed - Affiliated	32,236	-	33,385	-	33,385
Total Assumed	32,236	-	33,659	-	33,659
Ceded - Nonaffiliated	11,432,735	23,948	21,508	6,546	52,002
Ceded - Affiliated	99,071	(285)	287,241	-	286,956
Total Ceded	11,531,806	23,663	308,749	6,546	338,958
Net Premiums	32,735,883	121,668	43,090	115,336	280,094
Percentage of Amount Assumed to Net	0.1%	0.1%	78.1%	-	12.0%

</TABLE>

- (b) Reinsurance recoveries, which reduced death and other benefits, approximated \$239,618,000 and \$208,579,000, respectively, for each of the years ended December 31, 2004 and 2003.

The Company's reinsurance arrangements do not relieve the Company from its direct obligation to its insureds. Thus, a credit exposure exists with respect to reinsurance ceded to the extent that any reinsurer is unable to meet the obligations assumed under the reinsurance agreements.

F-31

14. Transactions with Related Parties

- (a) The Company is party to several reinsurance agreements with its affiliates covering certain life and accident and health insurance risks. Premium income and commission ceded for 2004 was \$317,052,000 and \$20,133,000 respectively. Premium income and commission ceded for 2003 amounted to \$250,580,000 and \$19,719,000, respectively. Premium income and commission ceded to affiliates amounted to \$286,956,000 and \$19,671,000, respectively, for the year ended December 31, 2002.
- (b) The Company is party to several cost sharing agreements with its affiliates. Generally, these agreements provide for the allocation of costs upon either the specific identification basis or a proportional cost allocation basis which management believes to be reasonable. For the years ended December 31, 2004, 2003 and 2002, the Company was charged \$26,601,000, \$25,800,000 and \$48,756,000, respectively, for expenses attributed to the Company but incurred by affiliates. During the same period, the Company received reimbursements from affiliates aggregating \$0, \$0 and \$17,155,000, respectively, for costs incurred by the Company but attributable to affiliates.
- (c) The Company's insurance policy obligations are guaranteed by National Union Fire Insurance Company of Pittsburgh ("National Union"), 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 National Union. While National Union does not publish financial statements, it does file statutory annual and quarterly reports with the Pennsylvania Insurance Department, where such reports are available to the public.
- (b) In 2003, the Company entered into a coinsurance/modified coinsurance agreement with AIG Life of Bermuda ("ALB"), an affiliate. The agreement has an effective date of January 1, 2003. Under the agreement, ALB reinsures a 100% quota share of the Company's liability on selective level term products and universal life products issued by the Company. 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.

F-32

15. Restatement

Certain financial statement components as of December 31, 2003 and 2002 and for the years then ended have been restated. These restatements relate to the corrections of a general allowance for mortgage loans inappropriately set up prior to 2002, an overstatement of reserves in 2002, cash flow information related to certain deposit-type products and other miscellaneous components.

A summary of the adjustments made and their effect on the financial statements is presented below (in thousands):

<TABLE>
<CAPTION>

As of and for the year ended December 31, 2003	As of and for the year ended December 31, 2002
-----	-----
As originally	As originally

	stated	Restated	stated	Restated
<S>	<C>	<C>	<C>	<C>
Balance Sheets				
Mortgage loans on real estate	\$ 456,767	\$ 470,767		
Amounts due from related parties	89,049	94,749		
Total assets	14,572,439	14,631,760		
Amounts due to related parties	19,564	19,664		
Income taxes payable	207,963	216,468		
Other liabilities	53,563	48,863		
Total liabilities	13,249,456	13,292,982		
Accumulated other comprehensive income	312,966	312,206		
Retained earnings	452,850	469,405		
Total liabilities and shareholders' equity	14,572,439	14,631,760		

Statements of Income

Net investment income	709,945	706,945	\$ 725,475	\$ 723,918
Realized capital gains(losses)	22,817	24,217	(151,424)	(119,989)
Death and other benefits	279,112	289,338	306,543	296,317
Insurance acquisition and other operating expenses	156,346	153,321	155,383	159,139
Deferred income tax expense	29,146	26,023	(30,532)	(18,494)
Net income (loss)	111,874	106,076	(13,524)	8,829

Statements of Shareholders' Equity

Change in net unrealized appreciation of investments - net of reclassifications	259,290	259,485	254,988	225,623
Deferred income tax expense on above changes	(89,629)	(89,697)	(92,098)	(81,820)
Accumulated other comprehensive income	312,966	312,206	145,424	144,537
Retained earnings	452,850	469,405	352,576	374,929
Total shareholders' equity	1,322,983	1,338,778	965,167	986,633

</TABLE>

F-33

15. Restatement - (continued)

<TABLE>
<CAPTION>

	As of and for the year ended December 31, 2003		As of and for the year ended December 31, 2002	
	As originally stated	Restated	As originally stated	Restated
<S>	<C>	<C>	<C>	<C>
Statements of Cash Flows				
Change in other policyholders' contracts	70,645	(80,007)	362,844	(268,539)
Interest credited to policyholder contracts	-	351,518	-	407,524
Change in income taxes - net	32,179	29,056	(56,917)	(44,879)
Change in deferred policy acquisition costs	37,377	37,272	29,499	29,812
Realized capital (gains) losses	(22,817)	(24,217)	151,424	119,989
Change in other assets and liabilities - net			25,293	32,450
Net cash provided by operating activities	157,611	348,051	416,916	203,483
Change in policy loans	82,146	84,946	(16,431)	(19,231)
Change in other long-term investments	19,435	16,835	11,790	14,390
Net cash provided by (used in) investing activities	168,283	168,483	(604,709)	(604,909)
Net policyholder account deposits/withdrawals	(373,294)	-	200,066	-
Deposits on policyholder contracts	-	185,933	-	1,112,583
Withdrawals on policyholder contracts	-	(749,867)	-	(698,884)
Net cash provided by (used in) financing activities	(325,894)	(516,534)	187,132	400,765

</TABLE>

F-34

Item 26. Exhibits

- (a) Board of Directors Resolution.
- (1) Certificate of Resolution for AIG Life Insurance Company pursuant to the Board of Directors' meeting dated June 5, 1986, authorizing the establishment of separate accounts for the issuance and sale of variable life insurance contracts, as well as for variable and fixed annuity contracts. (1)
 - (2) Certificate of Resolution for AIG Life Insurance Company pursuant to the Board of Directors' meeting dated September 12, 1995, amending in its entirety the resolution previously passed by the Board of Directors on June 5, 1986, authorizing the establishment of separate accounts for the issuance and sale of variable life insurance contracts, as well as for variable and fixed annuity contracts. (5)
- (b) Custodian Agreements. Inapplicable
- (c) Underwriting Contracts.
- (1) Distribution Agreement between AIG Life Insurance Company and American General Equity Services Corporation, effective May 1, 2003. (7)
 - (2) Form of Selling Group Agreement. (9)
- (d) Contracts.
- (1) Form of Group Flexible Premium Variable Life Insurance Policy - Non-Participating, Form No. 11GVULD997. (2)
 - (2) Form of Group Flexible Premium Variable Life Insurance Certificate, Form No. 16GVULD997. (2)
- (e) Applications.
- (1) Form of Application for Group Flexible Premium Variable Life Insurance Policy, Form No. 14COLI400. (7)
 - (2) Form of Supplemental Application for Life Insurance, Form No. 14GVSUP997. (Filed herewith)
- C-1
- (3) Form of Subaccount Transfer Request form. (Filed herewith)
 - (4) Form of Premium Allocation form. (Filed herewith)
 - (5) Form of Loan/Surrender Request form. (Filed herewith)
 - (6) Form of Dollar Cost Averaging Request form. (Filed herewith)
 - (7) Form of Change Request form. (7)
 - (8) Form of Reallocation and Rebalancing Request form. (Filed herewith)
- (f) Depositor's Certificate of Incorporation and By-Laws.
- (1) Bylaws of AIG Life Insurance Company as of March 2000. (4)
 - (2) Certificate of Incorporation of AIG Life Insurance Company, dated December 6, 1991. (1)
 - (3) Restated Certificate of Incorporation of AIG Life Insurance Company, dated December 6, 1991. (1)
 - (4) Certificate of Amendment of Certificate of Incorporation of AIG Life Insurance Company, dated December 3, 2001. (7)
 - (5) Certificate of Change of Location of Registered Office and of Registered Agent, AIG Life Insurance Company, dated July 24, 2002. (9)
- (g) Reinsurance Contracts. Inapplicable

(h) Participation Agreements.

- (1) (a) Form of Participation Agreement among Alliance Variable Products Series Fund, Inc., Alliance Fund Distributors, Inc. and AIG Life Insurance Company. (7)
- (1) (b) Form of Amendment to Participation Agreement among Alliance Variable Products Series Fund, Inc. and AIG Life Insurance Company. (7)
- (2) (a) Form of Shareholder Services Agreement by and between American Century Investment Services, Inc. and AIG Life Insurance Company. (8)

C-2

- (2) (b) Form of Amendment No. 1 to Shareholder Services Agreement by and between American Century Investment Services, Inc. and AIG Life Insurance Company, effective January 1, 2001. (8)
- (3) (a) Form of Participation Agreement by and among Credit Suisse Warburg Pincus Trust, Credit Suisse Asset Management, LLC, Credit Suisse Asset Management Securities, Inc. and AIG Life Insurance Company. (8)
- (4) (a) Form of Participation Agreement by and among Variable Insurance Products Fund, Fidelity Distributors Corporation and AIG Life Insurance Company. (8)
- (4) (b) Form of Amendment to Participation Agreement by and among Variable Insurance Products Fund, Fidelity Distributors Corporation and AIG Life Insurance Company, dated July 23, 1999. (8)
- (4) (c) Form of Fifth Amendment to Participation Agreement by and among Variable Insurance Products Fund, Fidelity Distributors Corporation and AIG Life Insurance Company, dated January 2, 2001. (8)
- (5) (a) Form of Participation Agreement by and among Variable Insurance Products Fund II, Fidelity Distributors Corporation and AIG Life Insurance Company. (8)
- (5) (b) Form of Amendment to Participation Agreement by and among Variable Insurance Products Fund II, Fidelity Distributors Corporation and AIG Life Insurance Company, dated July 23, 1999. (8)
- (5) (c) Form of Fifth Amendment to Participation Agreement by and among Variable Insurance Products Fund II, Fidelity Distributors Corporation and AIG Life Insurance Company, dated January 2, 2001. (8)
- (6) (a) Form of Participation Agreement by and among Variable Insurance Products Fund III, Fidelity Distributors Corporation and AIG Life Insurance Company. (8)
- (7) (a) Form of Participation Agreement by and between Franklin Templeton Products Trust, Franklin Templeton Distributors, Inc. and AIG Life Insurance Company. (8)
- (7) (b) Form of Amendment to Participation Agreement by and between Franklin Templeton Products Trust, Franklin Templeton Distributors, Inc. and AIG Life Insurance Company, effective May 1, 2001. (8)

C-3

- (7) (c) Form of Amendment to Participation Agreement by and between Franklin Templeton Products Trust, Franklin Templeton Distributors, Inc. and AIG Life Insurance Company, effective May 3, 2004. (Filed herewith)
- (8) (a) Form of Participation Agreement by and among Goldman Sachs Variable Insurance Trust, Goldman, Sachs & Co., and AIG Life Insurance Company. (Filed herewith)

- (9) (a) Form of Fund Participation Agreement by and between J.P. Morgan Series Trust II and AIG Life Insurance Company. (8)
- (9) (b) Form of Amendment No. 1 to Fund Participation Agreement by and between J.P. Morgan Series Trust II and AIG Life Insurance Company, dated June 16, 2003. (Filed herewith)
- (10) (a) Form of Participation Agreement by and among Merrill Lynch Variable Series Funds, Inc., FAM Distributors, Inc. and AIG Life Insurance Company. (8)
- (11) (a) Form of Participation Agreement among Morgan Stanley Universal Funds, Inc., Morgan Stanley Asset Management Inc., Miller Anderson & Sherrerd, LLP and AIG Life Insurance Company. (6)
- (11) (b) Form of Amendment to Participation Agreement among The Universal Institutional Funds, Inc. (formerly Morgan Stanley Universal Funds, Inc.), Morgan Stanley Investment Management Inc. (formerly Morgan Stanley Asset Management Inc.), Morgan Stanley Investments LP (formerly Miller Anderson & Sherrerd, LLP) and AIG Life Insurance Company, dated October 1, 2001. (7)
- (12) (a) Form of Fund Participation Agreement by and among Neuberger & Berman Advisers Management Trust, Advisers Managers Trust, Neuberger & Berman Management Incorporated and AIG Life Insurance Company. (Filed herewith)
- (12) (b) Form of Amendment to Fund Participation Agreement by and among Neuberger & Berman Advisers Management Trust, Advisers Managers Trust, Neuberger & Berman Management Incorporated and AIG Life Insurance Company. (Filed herewith)
- (13) (a) Form of Participation Agreement by and among PIMCO Variable Insurance Trust, PIMCO Funds Distributors LLC and AIG Life Insurance Company. (8)

C-4

- (14) (a) Form of Participation Agreement by and between VALIC Company I, The Variable Annuity Life Insurance Company and AIG Life Insurance Company. (7)
 - (14) (b) Form of Amendment No. 1 to Participation Agreement by and between VALIC Company I, The Variable Annuity Life Insurance Company and AIG Life Insurance Company. (7)
 - (15) (a) Form of Participation Agreement by and among Vanguard Variable Insurance Fund, The Vanguard Group, Inc., Vanguard Marketing Corporation and AIG Life Insurance Company. (8)
 - (16) (a) Form of Administrative Services Agreement by and among Credit Suisse Asset Management, LLC and AIG Life Insurance Company. (8)
- (i) Administrative Contracts.
- (1) Form of Service and Expense Agreement dated February 1, 1974, between American International Group, Inc. and various affiliate subsidiaries, including AIG Life Insurance Company. (7)
 - (2) Form of Addendum No. 1 to Service and Expense Agreement dated February 1, 1974, between American International Group, Inc. and various affiliate subsidiaries, including AIG Life Insurance Company, dated May 21, 1975. (7)
 - (3) Form of Addendum No. 2 to Service and Expense Agreement dated February 1, 1974, between American International Group, Inc. and various affiliate subsidiaries, including AIG Life Insurance Company, dated September 23, 1975. (7)
 - (4) Form of Addendum No. 24 to Service and Expense Agreement dated February 1, 1974, between American International Group, Inc. and various affiliate subsidiaries, including AIG Life Insurance Company, dated December 30, 1998. (7)
 - (5) Form of Addendum No. 28 to Service and Expense Agreement dated February 1, 1974, among American International Group, Inc. and various affiliate subsidiaries, including AIG Life Insurance Company and American General Life Companies, effective January 1, 2002. (7)

- (6) Form of Addendum No. 30 to Service and Expense Agreement dated February 1, 1974, among American International Group, Inc. and various affiliate subsidiaries, including AIG Life Insurance Company and American General Life Companies, LLC, effective January 1, 2002. (9)

C-5

- (7) Form of Addendum No. 32 to Service and Expense Agreement dated February 1, 1974, among American International Group, Inc. and various affiliate subsidiaries, including AIG Life Insurance Company and American General Life Companies, LLC, effective May 1, 2004. (Filed herewith)

(j) Other Material Contracts. None

(k) Legal Opinion.

- (1) Opinion and Consent of Kenneth D. Walma, Vice President and Counsel, AIG Life Insurance Company. (3)

(l) Actuarial Opinion.

- (1) Opinion and Consent of AIG Life Insurance Company's actuary. (3)

- (2) Opinion and Consent of AIG Life Insurance Company's actuary. (7)

(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) Memorandum Regarding Procedures including 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. (Filed herewith)

- (1) Incorporated by reference to Post-Effective Amendment No. 4 to Form S-6 Registration Statement (File No. 033-90684) of Variable Account II of AIG Life Insurance Company filed on October 27, 1998.

C-6

- (2) Incorporated by reference to Post-Effective Amendment No. 1 to Form S-6 Registration Statement (File No. 333-34199) of Variable Account II of AIG Life Insurance Company filed on March 13, 1998.

- (3) Incorporated by reference to Post-Effective Amendment No. 8 to Form S-6 Registration Statement (File No. 333-34199) of Variable Account II of AIG Life Insurance Company filed on May 1, 2002.

- (4) Incorporated by reference to Post-Effective Amendment No. 15 to Form N-4 Registration Statement (File No. 033-39171) of Variable Account I of AIG Life Insurance Company filed on April 28, 2000.

- (5) Incorporated by reference to Post-Effective Amendment No. 9 to Form N-6 Registration Statement (File No. 333-34199) of Variable Account II of AIG Life Insurance Company filed on February 7, 2003.

- (6) Incorporated by reference to Post-Effective Amendment No. 2 to Form N-4 Registration Statement (File No. 333-36260) of Variable Account I of AIG Life Insurance Company filed on December 28, 2001.

- (7) Incorporated by reference to Post-Effective Amendment No. 10 to Form N-6 Registration Statement (File No. 333-34199) of Variable Account II of AIG Life Insurance Company filed on April 25, 2003.

- (8) Incorporated by reference to Post-Effective Amendment No. 11 to Form N-6

- (9) Incorporated by reference to Post-Effective Amendment No. 9 to Form N-4
Registration Statement (File No. 333-36260) of Variable Account I of AIG
Life Insurance Company filed on April 27, 2004.

Item 27. Directors and Officers of the Depositor

Name and Principal Business Address	Positions and Offices with Depositor AIG Life Insurance Company
-----	-----
Rodney O. Martin, Jr. 2929 Allen Parkway Houston, TX 77019	Director, Chairman of the Board of Directors, President and Chief Executive Officer

C-7

Name and Principal Business Address	Positions and Offices with Depositor AIG Life Insurance Company
-----	-----
David J. Dietz 830 Third Avenue New York, NY 10022	Director and Chairman - Affluent & Corporate Markets Profit Center
M. Bernard Aidinoff Sullivan and Cromwell 125 Broad Street New York, NY 10004	Director
David L. Herzog 2929 Allen Parkway Houston, TX 77019	Director
Richard A. Hollar 750 West Virginia Street Milwaukee, WI 53204	Director, President - AIG Life Broker Profit Center and Chief Executive Officer - AIG Life Broker 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 2727 Allen Parkway Houston, TX 77019	Director, President - Independent Advisory Network Profit Center and Chief Executive Officer - Independent Advisory Network Profit Center
--	--

Ernest T. Patrikis 70 Pine Street New York, NY 10270	Director
--	----------

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
--	----------

C-8

Name and Principal Business Address	Positions and Offices with Depositor AIG Life Insurance Company
-----	-----
Christopher J. Swift 2929 Allen Parkway Houston, TX 77019	Director, Chief Financial Officer and Executive Vice President
Thomas L. Booker 2727 Allen Parkway	President - Structured Settlements/SPIA Profit Center

Houston, TX 77019

Stephen A. Gold
70 Pine Street
New York, NY 10270

President and Chief Executive Officer

Lawrence J. O'Brien
2727 Allen Parkway
Houston, TX 77019

President - Agency Building Profit
Center

Jeffrey H. Carlson
2727-A Allen Parkway
Houston, TX 77019

Chief Information Officer and Senior
Vice President

Steven D. Anderson
2929 Allen Parkway
Houston, TX 77019

Senior Vice President - Independent
Advisor Group

David R. Armstrong
3600 Route 66
Neptune, NJ 07754-1580

Senior Vice President

Erik A. Baden
2727-A Allen Parkway
Houston, TX 77019

Senior Vice President

Wayne A. Barnard
2929 Allen Parkway
Houston, TX 77019

Senior Vice President

Robert M. Beuerlein
2727-A Allen Parkway
Houston, TX 77019

Senior Vice President

C-9

Name and Principal
Business Address

Positions and Offices with Depositor
AIG Life Insurance Company

Patricia A. Bossi
3600 Route 66
Neptune, NJ 07754-1580

Senior Vice President

Rebecca G. Campbell
2929 Allen Parkway
Houston, TX 77019

Senior Vice President

Robert M. Goldbloom
70 Pine Street
New York, NY 10270

Senior Vice President

William F. Guterding
830 Third Avenue
New York, NY 10022

Senior Vice President

Robert F. Herbert, Jr.
2727-A Allen Parkway
Houston, TX 77019

Senior Vice President, Treasurer and
Comptroller

S. Douglas Isreal
2929 Allen Parkway
Houston, TX 77019

Senior Vice President

Kyle L. Jennings
2929 Allen Parkway
Houston, TX 77019

Senior Vice President

Althea R. Johnson
2929 Allen Parkway
Houston, TX 77019

Senior Vice President

Glen D. Keller
2727 Allen Parkway
Houston, TX 77019

Senior Vice President

Simon J. Leech
2727-A Allen Parkway
Houston, TX 77019

Senior Vice President

Name and Principal Business Address	Positions and Offices with Depositor AIG Life Insurance Company
Kent D. Major 2727-A Allen Parkway Houston, TX 77019	Senior Vice President
Mark R. McGuire 2727-A Allen Parkway Houston, TX 77019	Senior Vice President
Laura W. Milazzo 2727 Allen Parkway Houston, TX 77019	Senior Vice President
A. Hasan Qureshi 1 ALICO Plaza 600 King Street Wilmington, DE 19801	Senior Vice President - Corporate Markets
Dennis H. Roberts 2929 Allen Parkway Houston, TX 77019	Senior Vice President
Richard C. Schuettner 750 West Virginia Street Milwaukee, WI 53204	Senior Vice President
James P. Sennett 2929 Allen Parkway Houston, TX 77019	Senior Vice President
James P. Steele 205 E. 10th Avenue Amarillo, TX 79101	Senior Vice President
Robert E. Steele 205 E. 10th Avenue Amarillo, TX 79101	Senior Vice President

Name and Principal Business Address	Positions and Offices with Depositor AIG Life Insurance Company
Dan E. Trudan 750 W. Virginia Street Milwaukee, WI 53204	Senior Vice President
Michael Welsh 3600 Route 66 Neptune, NJ 07754-1580	Senior Vice President - Employee Benefits Center
Frederic R. Yopps 750 W. Virginia Street Milwaukee, WI 53204	Senior Vice President
Steven E. Zimmerman 2727-A Allen Parkway Houston, TX 77019	Senior Vice President
Edward F. Bacon 2727-A Allen Parkway Houston, TX 77019	Vice President
Joan M. Bartel 2727 Allen Parkway Houston, TX 77019	Vice President
Walter E. Bednarski 3600 Route 66 Neptune, NJ 07754-1580	Vice President
Michael B. Boesen	Vice President

2727-A Allen Parkway
Houston, TX 77019

David R. Brady
70 Pine Street
New York, NY 10270

Vice President

Stephen J. Brenneman
1 Alico Plaza
600 King Street
Wilmington, DE 19801

Vice President

C-12

Name and Principal Business Address	Positions and Offices with Depositor AIG Life Insurance Company
-----	-----
James B. Brown 2727 Allen Parkway Houston, TX 77019	Vice President
Robert W. Chesner 2929 Allen Parkway Houston, TX 77019	Vice President
Valerie A. Childrey 750 W. Virginia Street Milwaukee, WI 53204	Vice President
Mark E. Childs 2727-A Allen Parkway Houston, TX 77019	Vice President
Robert M. Cicchi 2727-A Allen Parkway Houston, TX 77019	Vice President
Steven A. Dmytrack 2929 Allen Parkway Houston, TX 77019	Vice President
Timothy M. Donovan 2727-A Allen Parkway Houston, TX 77019	Vice President
Donna F. Fahey 3600 Route 66 Neptune, NY 07754-1580	Vice President
Farideh N. Farrokhi 2727-A Allen Parkway Houston, TX 77019	Vice President
Patrick Froze 750 W. Virginia Street Milwaukee, WI 53204	Vice President

C-13

Name and Principal Business Address	Positions and Offices with Depositor AIG Life Insurance Company
-----	-----
James A. Galli 830 Third Avenue New York, NY 10022	Senior Vice President
Frederick J. Garland, Jr. 2727-A Allen Parkway Houston, TX 77019	Vice President
Richard L. Gravette 2727-A Allen Parkway Houston, TX 77019	Vice President
Kenneth J. Griesemer 6363 Forest Park Road	Vice President

Dallas, TX 75235

Daniel J. Gutenberger Vice President
70 Pine Street
New York, NY 10270

Joel H. Hammer Vice President
1 Chase Manhattan Place
New York, NY 10005

Craig H. Harrel Vice President
2929 Allen Parkway
Houston, TX 77019

D. Leigh Harrington Vice President
2727-A Allen Parkway
Houston, TX 77019

Neal C. Hasty Vice President
6363 Forest Park Road
Dallas, TX 75235

Thomas M. Hoffman Vice President - Human Resources
70 Pine Street
New York, NY 10270

C-14

Name and Principal
Business Address

Positions and Offices with Depositor
AIG Life Insurance Company

Keith C. Honig
1999 Avenue of the Stars
Los Angeles, CA 90067

Vice President

Walter P. Irby
2727-A Allen Parkway
Houston, TX 77019

Vice President

David S. Jorgensen
2727-A Allen Parkway
Houston, TX 77019

Vice President

Stephen C. Kennedy
750 W. Virginia Street
Milwaukee, WI 53204

Vice President

Gary J. Kleinman
1 Chase Manhattan Place
New York, NY 10005

Vice President

Frank A. Kophamel
3600 Route 66
Neptune, NJ 07754-1580

Vice President

Charles L. Levy
2727-A Allen Parkway
Houston, TX 77019

Vice President

Linda K. Lewis
6363 Forest Park Road
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

C-15

Name and Principal
Business Address

Positions and Offices with Depositor
AIG Life Insurance Company

Gwendolyn J. Mallett 2727-A Allen Parkway Houston, TX 77019	Vice President
Randy J. Marash 3600 Route 66 Neptune, NJ 07754-1580	Vice President
David S. Martin 3600 Route 66 Neptune, NJ 07754	Vice President - Underwriting
W. Larry Mask 2777 Allen Parkway Houston, TX 77019	Vice President
Gordon S. Massie 2929 Allen Parkway Houston, TX 77019	Vice President
Melvin C. McFall 2727-A Allen Parkway Houston, TX 77019	Vice President
Richard D. McFarland 2727-A Allen Parkway Houston, TX 77019	Vice President
Richard A. Mercante 70 Pine Street New York, NY 10270	Vice President
Candace A. Michael 2727-A Allen Parkway Houston, TX 77019	Vice President
Anne K. Milio 2727-A Allen Parkway Houston, TX 77019	Vice President

C-16

Name and Principal Business Address -----	Positions and Offices with Depositor AIG Life Insurance Company -----
Sylvia A. Miller #1 Franklin Square Springfield, IL 62713	Vice President
Michael R. Murphy 750 W. Virginia Street Milwaukee, WI 53204	Vice President
Carl T. Nichols 205 E. 10th Avenue Amarillo, TX 79101	Vice President
Deanna D. Osmonson 2727 Allen Parkway Houston, TX 77019	Vice President and Chief Compliance Officer
Rembert R. Owen, Jr. 2929 Allen Parkway Houston, TX 77019	Vice President
Lori J. Payne 2727 Allen Parkway Houston, TX 77019	Vice President
Kirsten M. Pederson 2727-A Allen Parkway Houston, TX 77019	Vice President
Cathy A. Percival 2727-A Allen Parkway Houston, TX 77019	Vice President
Teresa Y. Robbins 175 Water Street	Vice President

New York, NY 10038

Dale W. Sachtleben
1 Franklin Square
Springfield, IL 62713

Vice President

C-17

Name and Principal Business Address	Positions and Offices with Depositor AIG Life Insurance Company
Robert C. Sage 2727-A Allen Parkway Houston, TX 77019	Vice President
Kristen E. Sather 1 Chase Manhattan Place New York, NY 10005	Vice President
Richard W. Scott 2929 Allen Parkway Houston, TX 77019	Vice President
Tom L. Scott 2919 Allen Parkway Houston, TX 77019	Vice President
T. Clay Spires 2727-A Allen Parkway Houston, TX 77019	Vice President
Gregory R. Thornton #1 Franklin Square Springfield, IL 62713	Vice President
Paul K. Turner 675 Bering Dr. Houston, TX 77057	Vice President
Richard P. Vegh 3600 Route 66 Neptune, NJ 07754-1580	Vice President
S. Michael Von Stein 1000 E. Woodfield Road Schaumburg, IL 60173	Vice President
Curt B. Vondrasek 1000 E. Woodfield Road Schaumburg, IL 6-183	Vice President

C-18

Name and Principal Business Address	Positions and Offices with Depositor AIG Life Insurance Company
Christian D. Weiss 2727-A Allen Parkway Houston, TX 77019	Vice President
Susan J. Wilhite One Woodfield Lake Schaumburg, IL. 60173	Vice President
Elizabeth M. Tuck 70 Pine Street New York, NY 10270	Secretary
Lauren W. Jones 2929 Allen Parkway Houston, TX 77019	Assistant Secretary

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%

</TABLE>

C-19

SUBSIDIARIES OF AIG

<TABLE>
<CAPTION>

	Jurisdiction of Incorporation or Organization	% of Voting Securities Owned by its Immediate Parent(2)
<S>	<C>	<C>
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%
AIG Mensa, 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%

</TABLE>

C-20

SUBSIDIARIES OF AIG

<TABLE>
<CAPTION>

	Jurisdiction of Incorporation or Organization	% of Voting Securities Owned by its Immediate Parent(2)
	<C>	<C>
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%
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%

</TABLE>

C-21

SUBSIDIARIES OF AIG

<TABLE>

<CAPTION>

	Jurisdiction of Incorporation or Organization	% of Voting Securities Owned by its Immediate Parent(2)
<S>	<C>	<C>
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%
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%

</TABLE>

SUBSIDIARIES OF AIG

<TABLE>
<CAPTION>

	Jurisdiction of Incorporation or Organization	% of Voting Securities Owned by its Immediate Parent(2)
<S>	<C>	<C>
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%
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%

C-23

SUBSIDIARIES OF AIG

<TABLE>

<CAPTION>

	Jurisdiction of Incorporation or Organization	% of Voting Securities Owned by its Immediate Parent (2)
<S>	<C>	<C>
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 filed 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.
- (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.

C-24

The Registrant is a separate account of AIG Life Insurance Company (Depositor).

Item 29. Indemnification

The corporation shall, to the fullest extent permitted by Section 145 of the Delaware General Corporation Law, indemnify any and all of its directors and officers, who shall serve as an officer or director of the corporation at the request of the corporation, from and against any and all of the expenses, liabilities, or other matters referred to in or covered by said section and the indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any other provision of the bylaws, the certificate of incorporation, any agreement, any vote of the stockholders or disinterested directors or otherwise, both as to action in their official capacity while holding such office and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such a person.

Item 30. Principal Underwriters

(a) Other Activity. Registrant's principal underwriter, American General Equity Services Corporation, also acts as principal underwriter for Variable Account I of AIG Life Insurance Company, which offers interests in variable annuities. American General Equity Services Corporation also acts as principal underwriter for certain other separate accounts of AIG 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. 2929 Allen Parkway Houston, TX 77019	Director and Chairman of the Board of Directors

Mark R. McGuire 2727 Allen Parkway Houston, TX 77019	Director and Senior Vice President
Ernest T. Patrikis 70 Pine Street New York, NY 10270	Director
Gary D. Reddick 2929 Allen Parkway Houston, TX 77019	Director

C-25

Name and Principal Business Address	Positions and Offices with Underwriter American General Equity Services Corporation
--	--

Richard J. Miller 2929 Allen Parkway Houston, TX 77019	President and Chief Executive Officer
--	---------------------------------------

Robert F. Herbert, Jr. 2727A Allen Parkway Houston, TX 77019	Vice President
--	----------------

Lucille S. Martinez 2727 Allen Parkway Houston, TX 77019	Vice President, Treasurer and Controller
--	--

Deanna D. Osmonson 2727 Allen Parkway Houston, TX 77019	Vice President, Chief Compliance Officer and AntiMoney Laundering Compliance Officer
---	---

Elizabeth M. Tuck 70 Pine Street New York, NY 10270	Secretary
---	-----------

Edward F. Andrzejewski 70 Pine Street New York, NY 10270	Tax Officer
--	-------------

Amy M. Cinquegrana 2929 Allen Parkway Houston, TX 77019	Assistant Secretary
---	---------------------

Lauren W. Jones 2929 Allen Parkway Houston, TX 77019	Assistant Secretary
--	---------------------

David M. Robinson 2929 Allen Parkway Houston, TX 77019	Assistant Secretary
--	---------------------

John D. Fleming 2929 Allen Parkway Houston, TX 77019	Assistant Treasurer
--	---------------------

C-26

Name and Principal Business Address	Positions and Offices with Underwriter American General Equity Services Corporation
--	--

Barbara J. Moore 2919 Allen Parkway Houston, TX 77019	Assistant Tax Officer
---	-----------------------

T. Clay Spires 2727-A Allen Parkway Houston, TX 77019	Assistant Tax Officer
---	-----------------------

(c) Compensation From the Registrant.

<TABLE>
<CAPTION>

Compensation on

Name of Principal Underwriter	Net Underwriting Discounts and Commissions	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 AIG Life Insurance Company at its principal executive office located at 70 Pine Street, New York, New York 10270 or at its offices located at 2727-A Allen Parkway, Houston, Texas 77019-2191 or One ALICO Plaza, 600 King Street, Wilmington, Delaware 19801.

Item 32. Management Services Inapplicable

Item 33. Fee Representation

AIG 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 AIG Life Insurance Company.

C-27

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, Variable Account II of AIG Life Insurance Company, 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.

VARIABLE ACCOUNT II OF AIG LIFE
INSURANCE COMPANY
(Registrant)

BY: AIG LIFE INSURANCE COMPANY
(On behalf of the Registrant and itself)

BY: ROBERT F. HERBERT, JR.

ROBERT F. HERBERT, JR.
SENIOR VICE PRESIDENT, TREASURER
AND COMPTROLLER

[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.	Director, Chairman,	April 29, 2005

----- RODNEY O. MARTIN, JR. -----	President and Chief Executive Officer	
CHRISTOPHER J. SWIFT ----- CHRISTOPHER J. SWIFT	Director and Chief Financial Officer	April 29, 2005
M. BERNARD AIDINOFF ----- M. BERNARD AIDINOFF	Director	April 29, 2005
DAVID J. DIETZ ----- DAVID J. DIETZ	Director	April 29, 2005
DAVID L. HERZOG ----- DAVID L. HERZOG	Director	April 29, 2005
RICHARD A. HOLLAR ----- RICHARD A. HOLLAR	Director	April 29, 2005
ROYCE G. IMHOFF II ----- ROYCE G. IMHOFF II	Director	April 29, 2005
Signature -----	Title -----	Date -----
DONALD P. KANAK, JR. ----- DONALD P. KANAK, JR.	Director	April 29, 2005
RICHARD J. MILLER ----- RICHARD J. MILLER	Director	April 29, 2005
ERNEST T. PATRIKIS ----- ERNEST T. PATRIKIS	Director	April 29, 2005
GARY D. REDDICK ----- GARY D. REDDICK	Director	April 29, 2005
MARTIN J. SULLIVAN ----- MARTIN J. SULLIVAN	Director	April 29, 2005

EXHIBIT INDEX

Item 26. Exhibits

- (e) (2) Form of Supplemental Application for Life Insurance, Form No. 14GVSUP997.
- (e) (3) Form of Subaccount Transfer Request form.
- (e) (4) Form of Premium Allocation form.
- (e) (5) Form of Loan/Surrender Request form.
- (e) (6) Form of Dollar Cost Averaging Request form.
- (e) (8) Form of Reallocation and Rebalancing Request form.

- (h) (7) (c) Form of Amendment to Participation Agreement by and between Franklin Templeton Products Trust, Franklin Templeton Distributors, Inc. and AIG Life Insurance Company, effective May 3, 2004.
- (h) (8) (a) Form of Participation Agreement by and among Goldman Sachs Variable Insurance Trust, Goldman, Sachs & Co., and AIG Life Insurance Company.
- (h) (9) (b) Form of Amendment No. 1 to Fund Participation Agreement by and between J.P. Morgan Series Trust II and AIG Life Insurance Company, dated June 16, 2003.
- (h) (12) (a) Form of Fund Participation Agreement by and among Neuberger & Berman Advisers Management Trust, Advisers Managers Trust, Neuberger & Berman Management Incorporated and AIG Life Insurance Company.
- (h) (12) (b) Form of Amendment to Fund Participation Agreement by and among Neuberger & Berman Advisers Management Trust, Advisers Managers Trust, Neuberger & Berman Management Incorporated and AIG Life Insurance Company.

E-1

- (i) (7) Form of Addendum No. 32 to Service and Expense Agreement dated February 1, 1974, among American International Group, Inc. and various affiliate subsidiaries, including AIG Life Insurance Company and American General Life Companies, LLC, effective May 1, 2004.
- (n) (1) Consent of Independent Registered Public Accounting Firm, PricewaterhouseCoopers LLP.
- (q) (1) Memorandum Regarding Procedures including 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.

E-2

<TABLE>

Executive Advantage (SM)
Supplemental Application For Life Insurance

PLEASE PRINT ALL ANSWERS

<S>
1. Proposed Last Name First Name Middle Initial 2. Date of Birth 3. Social Security Number
Insured _____

4. Allocation of premium (Must be in 1% increments and no less than 5% to any one fund. Total must equal 100%)
Guaranteed Account _____ %

AllianceBernstein Variable Products Series Fund, Inc	_____ %	Merrill Lynch Variable Series Funds, Inc.	_____ %
Americas Government Income Portfolio	_____ %	Basic Value V.I. Fund	_____ %
Growth Portfolio	_____ %	Fundamental Growth V.I. Fund	_____ %
Growth & Income Portfolio	_____ %	Government Bond V.I. Fund	_____ %
Premier Growth Portfolio	_____ %	Value Opportunities V.I. Fund	_____ %
Small Cap Growth Portfolio	_____ %		
		Morgan Stanley Universal Institutional Funds	
American Century Variable Portfolios, Inc.		Core Plus Fixed Income Portfolio	_____ %
VP Income & Growth Fund	_____ %	Emerging Markets Equity Portfolio	_____ %
VP International Fund	_____ %	High Yield Portfolio	_____ %
		Mid Cap Growth Portfolio	_____ %
Credit Suisse Trust		Money Market Portfolio	_____ %
Emerging Markets Portfolio	_____ %	Technology Portfolio	_____ %
Global Post-Venture Capital Portfolio	_____ %	U.S. Mid Cap Value Portfolio	_____ %
International Focus Portfolio	_____ %		
Large Cap Value Portfolio	_____ %	Neuberger Berman Advisers Management Trust	
Mid-Cap Growth Portfolio	_____ %	AMT Partners Portfolio	_____ %
Small Cap Growth Portfolio	_____ %		
		PIMCO Variable Insurance Trust	
Fidelity Variable Insurance Products Fund		High Yield Portfolio	_____ %
VIP Balanced Portfolio	_____ %	Long-Term U.S. Government Portfolio	_____ %
VIP Contrafund Portfolio	_____ %	Real Return Portfolio	_____ %
VIP Index 500 Portfolio	_____ %	Short-Term Portfolio	_____ %
		Total Return Bond Portfolio	_____ %
Franklin Templeton Variable Insurance Products Trust			
Developing Markets Securities Fund - Class 2	_____ %	Vanguard Variable Insurance Fund	
Growth Securities Fund - Class 2	_____ %	Total Bond Market Index Portfolio	_____ %
Foreign Securities Fund - Class 2	_____ %	Total Stock Market Index Portfolio	_____ %
Goldman Sachs Variable Insurance Trust		VALIC Company I	
CORE U.S. Equity Fund	_____ %	International Equities Fund	_____ %
International Equity Fund	_____ %	Mid Cap Index Fund	_____ %
		Small Cap Index Fund	_____ %
J.P. Morgan Series Trust II			
Mid Cap Value Portfolio	_____ %		
Small Company Portfolio	_____ %		

5. Dollar Cost Averaging (Minimum of \$2,000 must be allocated to the Morgan Stanley Money Market Fund. If elected you must complete the Dollar Cost Averaging Plan Request Form.) YES NO
[] []
6. (a) Did the Owner receive current prospectuses? [] []
(b) Does the Owner understand that:
The death benefit may increase or decrease depending on investment performance? [] []
The cash value may increase or decrease depending on investment performance? [] []
The Certificate will lapse if the cash surrender value becomes insufficient to cover the total monthly deductions? [] []
(c) Does the Owner believe that this Certificate will meet insurance needs and financial objectives? [] []

</TABLE>

7. Suitability What is the Owner's: Approximate net worth _____
Income earned _____
Income unearned _____
Number of dependents _____
Marginal tax bracket _____

Investment Objective(s) (check all that apply): Growth _____ Growth and Income _____

_____ Income _____ Capital Appreciation _____ Speculation _____

I, the Owner, represent that the statements and answers in this supplemental application are written as made by me and are complete and true to the best of my knowledge and belief.

Signed on _____, 20____

Signature of Owner

at _____, State of _____

Signature of Soliciting Agent

Signature of Proposed Insured if
not Owner
(Parent if Proposed Insured is
Age 15 or less)

14GVSUP997, page 2 of 2

[LOGO] AIG The AIG Life Companies (U.S.)

 Executive Advantage (SM)

SUBACCOUNT TRANSFER REQUEST

Policy Number: _____ Policyholder: _____
 (Last Name, First Name, Middle Name)

Insured: _____ Social Security No.: _____ - _____ - _____
 (Last Name, First Name,
 Middle Name)

- . Restrictions on Subaccount Transfers are shown in the Certificate and Certificate Information pages.
- . The Policyholder may make 12 free transfers during a Certificate Year. A \$25 transfer charge may be imposed on each subsequent transfer.
- . Transfers from the Guaranteed Account may be made to a Subaccount(s) only during the 60 day period that is 30 days before and 30 days after the end of each Certificate Anniversary.
- . Transfers must be in whole dollars or whole percentages.

Circle + for transfer into fund. Circle (-) for transfer out of fund.

	Amount	Percent
	-----	-----
Guaranteed Account	+ (-)	\$ _____ %
AllianceBernstein Variable Product		
Series Fund, Inc.		
Americas Government Income	+ (-)	\$ _____ %
Growth Portfolio	+ (-)	\$ _____ %
Growth and Income Portfolio	+ (-)	\$ _____ %
Premier Growth Portfolio	+ (-)	\$ _____ %
Small Cap Growth Portfolio	+ (-)	\$ _____ %
American Century Variable Portfolios, Inc.		
VP Income & Growth Fund	+ (-)	\$ _____ %
VP International Fund	+ (-)	\$ _____ %

Credit Suisse Trust				
Emerging Markets Portfolio	+ (-)	\$ _____	_____	%
Global Post-Venture Capital Portfolio	+ (-)	\$ _____	_____	%
International Focus Portfolio	+ (-)	\$ _____	_____	%
Large Cap Value Portfolio	+ (-)	\$ _____	_____	%
Mid-Cap Growth Portfolio	+ (-)	\$ _____	_____	%
Small Cap Growth Portfolio	+ (-)	\$ _____	_____	%
Fidelity Variable Insurance Products				
VIP Balanced Portfolio	+ (-)	\$ _____	_____	%
VIP Contrafund Portfolio	+ (-)	\$ _____	_____	%
VIP Index 500 Portfolio	+ (-)	\$ _____	_____	%
Franklin Templeton Variable Insurance Products Trust				
Developing Markets Securities - Class 2	+ (-)	\$ _____	_____	%
Growth Securities - Class 2	+ (-)	\$ _____	_____	%
Foreign Securities - Class 2	+ (-)	\$ _____	_____	%
Goldman Sachs Variable Insurance Trust				
CORE U.S. Equity Fund	+ (-)	\$ _____	_____	%
International Equity Fund	+ (-)	\$ _____	_____	%
J.P. Morgan Series Trust II				
Mid Cap Value Portfolio	+ (-)	\$ _____	_____	%
Small Company Portfolio	+ (-)	\$ _____	_____	%
Merrill Lynch Variable Series Funds				
Basic Value V.I. Fund	+ (-)	\$ _____	_____	%
Fundamental Growth V.I. Fund	+ (-)	\$ _____	_____	%
Government Bond V.I. Fund	+ (-)	\$ _____	_____	%
Value Opportunities V.I. Fund	+ (-)	\$ _____	_____	%
Morgan Stanley Universal Institutional Funds				
Core Plus Fixed Income Portfolio	+ (-)	\$ _____	_____	%
Emerging Markets Equity Portfolio	+ (-)	\$ _____	_____	%
High Yield Portfolio	+ (-)	\$ _____	_____	%
Mid Cap Growth Portfolio	+ (-)	\$ _____	_____	%
Money Market Portfolio	+ (-)	\$ _____	_____	%
Technology Portfolio	+ (-)	\$ _____	_____	%
U.S. Mid Cap Value Portfolio	+ (-)	\$ _____	_____	%
NeubergerBerman Advisers Management Trust				
AMT Partners Portfolio	+ (-)	\$ _____	_____	%
PIMCO Variable Insurance Trust				
High Yield Portfolio	+ (-)	\$ _____	_____	%
Long Term U.S. Government Portfolio	+ (-)	\$ _____	_____	%
Real Return Portfolio	+ (-)	\$ _____	_____	%
Short-Term Portfolio	+ (-)	\$ _____	_____	%

Total Return Bond Portfolio	+ (-)	\$ _____	_____ %
Vanguard Variable Insurance Fund			
Total Bond Market Index Portfolio	+ (-)	\$ _____	_____ %
Total Stock Market Index Portfolio	+ (-)	\$ _____	_____ %
VALIC Company I			
International Equities Fund	+ (-)	\$ _____	_____ %
Mid Cap Index Fund	+ (-)	\$ _____	_____ %
Small Cap Index Fund	+ (-)	\$ _____	_____ %

As Policyholder, I represent that the statements and answers in this Subaccount Transfer request are written as made by me and are complete and true to the best of my knowledge and belief.

Signature of Insured

Signature of Policyholder (if other than Insured)

_____, 20__
Date Signed

Transfer, Executive Advantage(SM), 02/05

[LOGO] AIG The AIG Life Companies (U.S.)

Executive Advantage (SM)

 PREMIUM ALLOCATION

Policy Number: _____ Policyholder: _____
 (Last Name, First Name, Middle Name)

Insured: _____ Social Security No.: _____ - _____ - _____
 (Last Name, First Name, Middle Name)

 I revoke my current Premium Allocation and direct that all future premiums be invested as described below.

Allocation of Premium (Must be in 1% increments and no less than 5% to any one fund. Total must equal 100%.)

	Percent

Guaranteed Account	_____ %
AllianceBernstein Variable Product Series Fund, Inc.	
Americas Government Income	_____ %
Growth Portfolio	_____ %
Growth and Income Portfolio	_____ %
Premier Growth Portfolio	_____ %
Small Cap Growth Portfolio	_____ %
American Century Variable Portfolios, Inc.	
VP Income & Growth Fund	_____ %
VP International Fund	_____ %
Credit Suisse Trust	
Emerging Markets Portfolio	_____ %
Global Post-Venture Capital Portfolio	_____ %
International Focus Portfolio	_____ %
Large Cap Value Portfolio	_____ %
Mid-Cap Growth Portfolio	_____ %
Small Cap Growth Portfolio	_____ %
Fidelity Variable Insurance Products	
VIP Balanced Portfolio	_____ %
VIP Contrafund Portfolio	_____ %

VIP Index 500 Portfolio	_____	%
Franklin Templeton Variable Insurance Products Trust		
Developing Markets Securities - Class 2	_____	%
Growth Securities - Class 2	_____	%
Foreign Securities - Class 2	_____	%
Goldman Sachs Variable Insurance Trust		
CORE U.S. Equity Fund	_____	%
International Equity Fund	_____	%
J.P. Morgan Series Trust II		
Mid Cap Value Portfolio	_____	%
Small Company Portfolio	_____	%
Merrill Lynch Variable Funds		
Basic Value V.I. Fund	_____	%
Fundamental Growth V.I. Fund	_____	%
Government Bond V.I. Fund	_____	%
Value Opportunities V.I. Fund	_____	%
Morgan Stanley Universal Institutional Funds		
Core Plus Fixed Income Portfolio	_____	%
Emerging Markets Equity Portfolio	_____	%
High Yield Portfolio	_____	%
Mid Cap Growth Portfolio	_____	%
Money Market Portfolio	_____	%
Technology Portfolio	_____	%
U.S. Mid Cap Value Portfolio	_____	%
NeubergerBerman Advisers Management Trust		
AMT Partners Portfolio	_____	%
PIMCO Variable Insurance Trust		
High Yield Portfolio	_____	%
Long Term U.S. Government Portfolio	_____	%
Real Return Portfolio	_____	%
Short-Term Portfolio	_____	%
Total Return Bond Portfolio	_____	%
Vanguard Variable Insurance Fund		
Total Bond Market Index Portfolio	_____	%
Total Stock Market Index Portfolio	_____	%
VALIC Company I		
International Equities Fund	_____	%
Mid Cap Index Fund	_____	%
Small Cap Index Fund	_____	%

Dollar Cost Averaging Election (Minimum of \$2,000 must be allocated) Yes No

to the Money Market Account)

Policyholder must complete a Dollar Cost Averaging Request form. [] []

Policy will be issued with a Dollar Cost Averaging Rider.

As Policyholder, I represent that:

- a) the statements and answers in this Premium Allocation are written as made by me and are complete and true to the best of my knowledge and belief.
 - b) I have received copies of the current prospectuses.
 - c) I understand that the Death Benefit and Cash Surrender Value may increase or decrease depending on investment performance.
 - d) I understand that the Policy will lapse if Net Cash Surrender Value becomes insufficient to cover monthly deductions.
 - e) I believe that this Policy will meet my insurance needs and financial objectives.
-

Signature of Insured

Signature of Policyholder (if
other than Insured)

_____, 20____
Date Signed

Premium Allocation, Executive Advantage(SM), 05/03

[LOGO] AIG The AIG Life Companies (U.S.)

Executive Advantage (SM)

 LOAN / SURRENDER REQUEST

Policy Number: _____ Policyholder: _____
 (Last Name, First Name, Middle Name)

Insured: _____ Social Security No.: _____ - _____ - _____
 (Last Name, First Name, Middle Name)

 LOAN REQUEST

- . Interest will accrue daily on any outstanding loan at an annual interest rate as indicated in the specifications.
- [] Maximum Amount Available (may vary by Subaccount)
- [] \$ _____ in cash or maximum amount available, if less

SURRENDER REQUEST

- [] Full surrender (original policy or lost policy affidavit must be enclosed)
- [] Partial surrender in the amount of \$ _____ or for _____% of cash surrender value
- . No more than two (2) surrenders may be made during each Certificate Year.
- . An expense charge and/or a surrender charge may be assessed according to the Certificate.
- . You can direct below how the loan or partial surrender will be deducted from the unloaned portion of the Guaranteed Account and the Subaccounts. If you provide no directions, the loan or partial surrender amount will be deducted from the unloaned portion of the Guaranteed Account and the Subaccounts on a pro rata basis.

	Amount	Percent
	-----	-----
Guaranteed Account	\$ _____	_____ %
AllianceBernstein Variable Product Series Fund, Inc.		
Americas Government Income	\$ _____	_____ %
Growth Portfolio	\$ _____	_____ %

Growth and Income Portfolio	\$ _____	_____	⊘
Premium Growth Portfolio	\$ _____	_____	⊘
Small Cap Growth Portfolio	\$ _____	_____	⊘
American Century Variable Portfolios, Inc.			
VP Income & Growth Fund	\$ _____	_____	⊘
VP International Fund	\$ _____	_____	⊘
Credit Suisse Trust			
Emerging Markets Portfolio	\$ _____	_____	⊘
Global Post-Venture Capital Portfolio	\$ _____	_____	⊘
International Focus Portfolio	\$ _____	_____	⊘
Large Cap Value Portfolio	\$ _____	_____	⊘
Mid-Cap Growth Portfolio	\$ _____	_____	⊘
Small Cap Growth Portfolio	\$ _____	_____	⊘
Fidelity Variable Insurance Products			
VIP Balanced Portfolio	\$ _____	_____	⊘
VIP Contrafund Portfolio	\$ _____	_____	⊘
VIP Index 500 Portfolio	\$ _____	_____	⊘
Franklin Templeton Variable Insurance Products Trust			
Developing Markets Securities Fund - Class 2	\$ _____	_____	⊘
Growth Securities Fund - Class 2	\$ _____	_____	⊘
Foreign Securities Fund - Class 2	\$ _____	_____	⊘
Goldman Sachs Variable Insurance Trust			
CORE U.S. Equity Fund	\$ _____	_____	⊘
International Equity Fund	\$ _____	_____	⊘
J.P. Morgan Series Trust II			
Mid Cap Value Portfolio	\$ _____	_____	⊘
Small Company Portfolio	\$ _____	_____	⊘
Merrill Lynch Variable Series Funds			
Basic Value V.I. Fund	\$ _____	_____	⊘
Fundamental Growth V.I. Fund	\$ _____	_____	⊘
Government Bond V.I. Fund	\$ _____	_____	⊘
Value Opportunities V.I. Fund	\$ _____	_____	⊘
Morgan Stanley Universal Institutional Funds			
Core Plus Fixed Income Portfolio	\$ _____	_____	⊘
Emerging Markets Equity Portfolio	\$ _____	_____	⊘
High Yield Portfolio	\$ _____	_____	⊘
Mid Cap Growth Portfolio	\$ _____	_____	⊘
Money Market Portfolio	\$ _____	_____	⊘
Technology Portfolio	\$ _____	_____	⊘
U.S. Mid Cap Value Portfolio	\$ _____	_____	⊘

NeubergerBerman Advisers Management Trust AMT Partners Portfolio	\$ _____	_____	%
PIMCO Variable Insurance Trust High Yield Portfolio	\$ _____	_____	%
Long Term U.S. Government Portfolio	\$ _____	_____	%
Real Return Portfolio	\$ _____	_____	%
Short-Term Portfolio	\$ _____	_____	%
Total Return Bond Portfolio	\$ _____	_____	%
Vanguard Variable Insurance Fund Total Bond Market Index Portfolio	\$ _____	_____	%
Total Stock Market Index Portfolio	\$ _____	_____	%
VALIC Company I International Equities Fund	\$ _____	_____	%
Mid Cap Index Fund	\$ _____	_____	%
Small Cap Index Fund	\$ _____	_____	%

Loan / Surrender, Executive Advantage (SM), 02/05, Page 1 of 2

As Policyholder, I represent that the statements and answers in this Loan / Surrender request are written as made by me and are complete and true to the best of my knowledge and belief. In the event of a full surrender, I surrender all rights to this policy and state that no bankruptcy or insolvency proceeding is pending with respect to me.

Signature of Insured

Signature of Policyholder (if other than Insured)

_____, 20__
Date Signed

Loan / Surrender, Executive Advantage (SM), 05/03, Page 2 of 2

[LOGO] AIG The AIG Life Companies (U.S.)

 Executive Advantage (SM)

DOLLAR COST AVERAGING REQUEST

Policy Number: _____ Policyholder: _____
 (Last Name, First Name, Middle Name)

Insured: _____ Social Security No.: _____ - _____ - _____
 (Last Name, First Name,
 Middle Name)

 For the purpose of Dollar Cost Averaging, I hereby authorize monthly transfers from my Money Market Subaccount into other Subaccounts as indicated below. Allocations must be in 1% increments and no less than 5% to any one account. The total must equal 100%.

	Percent

Guaranteed Account	_____ %
AllianceBernstein Variable Product Series Fund, Inc.	
Americas Government Income	_____ %
Growth Portfolio	_____ %
Growth and Income Portfolio	_____ %
Premium Growth Portfolio	_____ %
Small Cap Growth Portfolio	_____ %
American Century Variable Portfolios, Inc.	
VP Income & Growth Fund	_____ %
VP International Fund	_____ %
Credit Suisse Trust	
Emerging Markets Portfolio	_____ %
Global Post-Venture Capital Portfolio	_____ %
International Focus Portfolio	_____ %
Large Cap Value Portfolio	_____ %
Mid-Cap Growth Portfolio	_____ %
Small Cap Growth Portfolio	_____ %
Fidelity Variable Insurance Products	
VIP Balanced Portfolio	_____ %
VIP Contrafund Portfolio	_____ %

VIP Index 500 Portfolio	_____	⊘
Franklin Templeton Variable Insurance Products Trust		
Developing Markets Securities - Class 2	_____	⊘
Growth Securities - Class 2	_____	⊘
Foreign Securities - Class 2	_____	⊘
Goldman Sachs Variable Insurance Trust		
CORE U.S. Equity Fund	_____	⊘
International Equity Fund	_____	⊘
J.P. Morgan Series Trust II		
Mid Cap Value Portfolio	_____	⊘
Small Company Portfolio	_____	⊘
Merrill Lynch Variable Series Funds		
Basic Value V.I. Fund	_____	⊘
Fundamental Growth V.I. Fund	_____	⊘
Government Bond V.I. Fund	_____	⊘
Value Opportunities V.I. Fund	_____	⊘
Morgan Stanley Universal Institutional Funds		
Core Plus Fixed Income Portfolio	_____	⊘
Emerging Markets Equity Portfolio	_____	⊘
High Yield Portfolio	_____	⊘
Mid Cap Growth Portfolio	_____	⊘
Money Market Portfolio	_____	⊘
Technology Portfolio	_____	⊘
U.S. Mid Cap Value Portfolio	_____	⊘
NeubergerBerman Advisers Management Trust		
AMT Partners Portfolio	_____	⊘
PIMCO Variable Insurance Trust		
High Yield Portfolio	_____	⊘
Long Term U.S. Government Portfolio	_____	⊘
Real Return Portfolio	_____	⊘
Short-Term Portfolio	_____	⊘
Total Return Bond Portfolio	_____	⊘
Vanguard Variable Insurance Fund		
Total Bond Market Index Portfolio	_____	⊘
Total Stock Market Index Portfolio	_____	⊘
VALIC Company I		
International Equities Fund	_____	⊘
Mid Cap Index Fund	_____	⊘
Small Cap Index Fund	_____	⊘

Select one transfer option:

- \$ _____ per month. Automatic transfers will continue until my balance in the Money Market Subaccount is depleted.
- Entire current balance in the Money Market Subaccount over _____ months (maximum 24).

I understand that If I elect Dollar Cost Averaging in conjunction with my Application, automatic transfers will be effective as of the first Monthly Anniversary following the end of the Free Look Period. Otherwise, automatic transfers will be effective as of the second Monthly Anniversary following your receipt of my request. I understand that the use of Dollar Cost Averaging does not guarantee investment gains or protect against loss in a declining market.

I understand that automatic transfers will remain in effect until one of the following occurs:

1. My balance in the Money Market Subaccount is depleted;
2. You receive my written request to cancel future transfers;
3. You receive notification of the Insured's death;
4. The Policy ends without value; or
5. I submit a new Dollar Cost Averaging Request form.

As Policyholder, I represent that the statements and answers in this Dollar Cost Averaging request are written as made by me and are complete and true to the best of my knowledge and belief.

Signature of Insured

Signature of Policyholder (if other than Insured)

_____, 20____
Date Signed

[LOGO]

The AIG Life Companies (U.S.)

 Executive Advantage (SM)

REALLOCATION and REBALANCING REQUEST

Insured: _____ Policyholder: _____
 (Last Name, First Name, (Last Name, First Name,
 Middle Name) Middle Name)

Policy Number: _____ Social Security No.: _____ - _____ - _____

- . Restrictions on Subaccount Transfers are shown in the Certificate and Certificate Information pages.
- . The Policyholder may make 12 free transfers during a Certificate Year. A \$25 transfer charge may be imposed on each subsequent transfer.
- . Transfers from the Guaranteed Account may be made to a Subaccount(s) only during the 60 day period that is 30 days before and 30 days after the end of each Certificate Anniversary.
- . Transfers must be in whole dollars or whole percentages.

Please rebalance the subaccounts to achieve the percentages indicated below. I understand that the subaccounts will only achieve these percentages on the date the transfers occur. Future charges and investment results will cause the balances to change. This form will also change future premium payments to be allocated as indicated below, until changed by the Owner.

	Percent

Guaranteed Account	_____ %
AllianceBernstein Variable Product Series Fund, Inc.	
Americas Government Income	_____ %
Growth Portfolio	_____ %
Growth and Income Portfolio	_____ %
Premier Growth Portfolio	_____ %
Small Cap GrowthPortfolio	_____ %
American Century Variable Portfolios, Inc.	
VP Income & Growth Fund	_____ %
VP International Fund	_____ %

Credit Suisse Trust		
Emerging Markets Portfolio	_____	⊘
Global Post-Venture Capital Portfolio	_____	⊘
International Focus Portfolio	_____	⊘
Large Cap Value Portfolio	_____	⊘
Mid-Cap Growth Portfolio	_____	⊘
Small Cap Growth Portfolio	_____	⊘
Fidelity Variable Insurance Products		
VIP Balanced Portfolio	_____	⊘
VIP Contrafund Portfolio	_____	⊘
VIP Index 500 Portfolio	_____	⊘
Franklin Templeton Variable Insurance Products Trust		
Developing Markets Securities - Class 2	_____	⊘
Growth Securities - Class 2	_____	⊘
Foreign Securities - Class 2	_____	⊘
Goldman Sachs Variable Insurance Trust		
CORE U.S. Equity Fund	_____	⊘
International Equity Fund	_____	⊘
J.P. Morgan Series Trust II		
Mid Cap Value Portfolio	_____	⊘
Small Company Portfolio	_____	⊘
Merrill Lynch Variable Series Funds		
Basic Value V.I. Fund	_____	⊘
Fundamental Growth V.I. Fund	_____	⊘
Government Bond V.I. Fund	_____	⊘
Value Opportunities V.I. Fund	_____	⊘
Morgan Stanley Universal Institutional Funds		
Core Plus Fixed Income Portfolio	_____	⊘
Emerging Markets Equity Portfolio	_____	⊘
High Yield Portfolio	_____	⊘
Mid Cap Growth Portfolio	_____	⊘
Money Market Portfolio	_____	⊘
Technology Portfolio	_____	⊘
U.S. Mid Cap Value Portfolio	_____	⊘
NeubergerBerman Advisers Management Trust		
AMT Partners Portfolio	_____	⊘
PIMCO Variable Insurance Trust		
High Yield Portfolio	_____	⊘
Long Term U.S. Government Portfolio	_____	⊘
Real Return Portfolio	_____	⊘
Short-Term Portfolio	_____	⊘
Total Return Bond Portfolio	_____	⊘

Vanguard Variable Insurance Fund
Total Bond Market Index Portfolio
Total Stock Market Index Portfolio

_____%
_____%

VALIC Company I
International Equities Fund
Mid Cap Index Fund
Small Cap Index Fund

_____%
_____%
_____%

Signature of Insured

Signature of Policyholder (if
other than Insured)

_____, 20__
Date Signed

Rebalance, Executive Advantage (SM), 02/05

Amendment to Participation Agreement
As of May 3, 2004
by and among
Franklin Templeton Variable Insurance Products Trust
Franklin/Templeton Distributors, Inc.
AIG Life Insurance Company

Franklin Templeton Variable Insurance Products Trust (the "Trust"), Franklin/Templeton Distributors, Inc. (the "Underwriter," and together with the Trust, "we" or "us") and AIG Life Insurance Company ("you"), on your behalf and on behalf of certain Accounts, have previously entered into a Participation Agreement dated May 1, 2000 (the "Agreement"). The parties now desire to amend the Agreement in this amendment (the "Amendment").

Except as modified hereby, all other terms and conditions of the Agreement shall remain in full force and effect. Unless otherwise indicated, the terms defined in the Agreement shall have the same meaning in this Amendment.

A M E N D M E N T

For good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree to amend the Agreement as follows:

1. Section 2.1.6 of the Agreement is hereby amended to add the following sentence at the end of the section:

"Without limiting the foregoing, you agree that in recommending to a Contract owner the purchase, sale or exchange of any subaccount units under the Contracts, you shall have reasonable grounds for believing that the recommendation is suitable for such Contract owner."

2. A new Section 2.1.12 is hereby added to the Agreement as follows:

"2.1.12 As covered financial institutions we, only with respect to Portfolio shareholders, and you each undertake and agree to comply, and to take full responsibility in complying with any and all applicable laws, regulations, protocols and other requirements relating to money laundering including, without limitation, the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 (Title III of the USA PATRIOT Act)."

3. Section 3 of the Agreement is hereby deleted in its entirety and replaced with the following Section 3:

"3. Purchase and Redemption of Trust Portfolio Shares

3.1 Availability of Trust Portfolio Shares

3.1.1 We will make shares of the Portfolios available to the Accounts for the benefit of the Contracts. The shares will be available for purchase at the net asset value per share next computed after we (or our agent, or you as our designee) receive a purchase order, as established in accordance with the provisions of the then current prospectus of the Trust. All orders are subject to acceptance by us and by the Portfolio or its transfer agent, and become effective only upon confirmation by us. Notwithstanding the foregoing, the Trust's Board of Trustees ("Trustees") may refuse to sell shares of any Portfolio to any person, or may suspend or terminate the offering of shares of any Portfolio if such action is required by law or by regulatory authorities having jurisdiction or if, in the sole discretion of the Trustees, they deem such action to be in the best interests of the shareholders of such Portfolio.

3.1.2 Without limiting the other provisions of this Section 3.1, among other delegations by the Trustees, the Trustees have determined that there is a significant risk that the Trust and its shareholders may be adversely affected by investors with short term trading activity and/or whose purchase and redemption activity follows a market timing pattern as defined in the prospectus for the Trust, and have authorized the Trust, the Underwriter and the Trust's transfer agent to adopt procedures and take other action (including, without limitation, rejecting specific purchase orders in whole or in part) as they deem necessary to reduce, discourage, restrict or eliminate such trading and/or market timing activity. You agree that your purchases and redemptions of Portfolio shares are subject to, and that you will assist us in implementing, the Market Timing Trading Policy and Additional Policies (as described in the Trust's prospectus) and the Trust's restrictions on excessive and/or short term trading activity and/or purchase and redemption activity that follows a market timing pattern.

3.1.3 We agree that shares of the Trust will be sold only to life insurance companies which have entered into fund participation agreements with the Trust ("Participating Insurance Companies") and their separate accounts or to qualified pension and retirement plans in accordance with the terms of the Shared Funding Order. No shares of any Portfolio will be sold to the general public.

3.2 Manual or Automated Portfolio Share Transactions

3.2.1 Section 3.3 of this Agreement shall govern and Section 3.4 shall not be operative, unless we receive from you at the address provided in the

next sentence, written notice that you wish to communicate, process and

settle purchase and redemptions for shares (collectively, "share transactions") via the Fund/SERV and Networking systems of the National Securities Clearing Corporation ("NSCC"). The address for you to send such written notice shall be: Retirement Services, Franklin Templeton Investments, 910 Park Place, 1st Floor, San Mateo, California 94403-1906. After giving ten (10) days' advance written notice at the address provided in the previous sentence of your desire to use NSCC processing, Section 3.4 of this Agreement shall govern and Section 3.3 shall not be operative.

3.2.2 At any time when, pursuant to the preceding paragraph, Section 3.4 of this Agreement governs, any party to this Agreement may send written notice to the other parties that it chooses to end the use of the NSCC Fund/SERV and Networking systems and return to manual handling of share transactions. Such written notice shall be sent: (i) if from you to us, to the address provided in the preceding paragraph; (ii) if from us to you, to your address in Schedule G of this Agreement. After giving ten (10) days' advance written notice at the address as provided in the previous sentence, Section 3.3 of this Agreement shall govern and Section 3.4 shall not be operative.

3.3 Manual Purchase and Redemption

3.3.1 You are hereby appointed as our designee for the sole purpose of receiving from Contract owners purchase and exchange orders and requests for redemption resulting from investment in and payments under the Contracts that pertain to subaccounts that invest in Portfolios ("Instructions"). "Business Day" shall mean any day on which the New York Stock Exchange is open for trading and on which the Trust calculates its net asset value pursuant to the rules of the SEC and its current prospectus. "Close of Trading" shall mean the close of trading on the New York Stock Exchange, generally 4:00 p.m. Eastern Time. You represent and warrant that all Instructions transmitted to us for processing on or as of a given Business Day ("Day 1") shall have been received in proper form and time stamped by you prior to the Close of Trading on Day 1. Such Instructions shall receive the share price next calculated following the Close of Trading on Day 1, provided that we receive such Instructions from you before 9 a.m. Eastern Time on the next Business Day ("Day 2"). You represent and warrant that Instructions received in proper form and time stamped by you after the Close of Trading on Day 1 shall be treated by you and transmitted to us as if received on Day 2. Such Instructions shall receive the share price next calculated following the Close of Trading on Day 2. You represent and warrant that you have, maintain and periodically test, procedures and systems in place reasonably designed to prevent Instructions received after the Close of Trading on Day 1 from being executed with Instructions received before the Close of Trading on Day 1. All Instructions we receive from you after 9 a.m. Eastern Time on Day 2 shall be processed by us on the following Business Day and shall receive the share price next calculated following the Close of Trading on Day 2.

3.3.2 We shall calculate the net asset value per share of each Portfolio on each Business Day, and shall communicate these net asset values to you or your designated agent on a daily basis as soon as reasonably practical after the calculation is completed (normally by 6:30 p.m. Eastern Time).

3.3.3 You shall submit payment for the purchase of shares of a Portfolio on behalf of an Account in federal funds transmitted by wire to the Trust or to its designated custodian, which must receive such wires no later than the close of the Reserve Bank, which is 6:00 p.m. Eastern Time, on the Business Day following the Business Day as of which such purchases orders are made.

3.3.4 We will redeem any full or fractional shares of any Portfolio, when requested by you on behalf of an Account, at the net asset value next computed after receipt by us (or our agent or you as our designee) of the request for redemption, as established in accordance with the provisions of the then current prospectus of the Trust. We shall make payment for such shares in the manner we establish from time to time, but in no event shall payment be delayed for a greater period than is permitted by the 1940 Act.

3.3.5 Issuance and transfer of the Portfolio shares will be by book entry only. Stock certificates will not be issued to you or the Accounts. Portfolio shares purchased from the Trust will be recorded in the appropriate title for each Account or the appropriate subaccount of each Account.

3.3.6 We shall furnish, on or before the ex-dividend date, notice to you of any income dividends or capital gain distributions payable on the shares of any Portfolio. You hereby elect to receive all such income dividends and capital gain distributions as are payable on shares of a Portfolio in additional shares of that Portfolio, and you reserve the right to change this election in the future. We will notify you of the number of shares so issued as payment of such dividends and distributions.

3.3.7 Each party to this Agreement agrees that, in the event of a material error resulting from incorrect information or confirmations, the parties will seek to comply in all material respects with the provisions of applicable federal securities laws.

3.4 Automated Purchase and Redemption

3.4.1 "Fund/SERV" shall mean NSCC's Mutual Fund Settlement, Entry and Registration Verification System, a system for automated, centralized processing of mutual fund purchase and redemption orders, settlement, and account registration; "Networking" shall mean NSCC's system that allows mutual funds and life insurance companies to exchange account level information electronically; and "Settling Bank"

shall mean the entity appointed by the Trust or you, as applicable, to perform such settlement services on behalf of the Trust and you, as applicable, which entity agrees to abide by NSCC's then current rules and

procedures insofar as they relate to same day funds settlement. In all cases, processing and settlement of share transactions shall be done in a manner consistent with applicable law.

3.4.2 You are hereby appointed as our designee for the sole purpose of receiving from Contract owners purchase and exchange orders and requests for redemption resulting from investment in and payments under the Contracts that pertain to subaccounts that invest in Portfolios ("Instructions"). "Business Day" shall mean any day on which the New York Stock Exchange is open for trading and on which the Trust calculates its net asset value pursuant to the rules of the SEC and its current prospectus. "Close of Trading" shall mean the close of trading on the New York Stock Exchange, generally 4:00 p.m. Eastern Time. Upon receipt of Instructions, and upon your determination that there are good funds with respect to Instructions involving the purchase of shares, you will calculate the net purchase or redemption order for each Portfolio.

3.4.3 On each Business Day, you shall aggregate all purchase and redemption orders for shares of a Portfolio that you received prior to the Close of Trading. You represent and warrant that all orders for net purchases or net redemptions derived from Instructions received by you and transmitted to Fund/SERV for processing on or as of a given Business Day ("Day 1") shall have been received in proper form and time stamped by you prior to the Close of Trading on Day 1. Such orders shall receive the share price next calculated following the Close of Trading on Day 1, provided that we receive Instructions from Fund/SERV by 6:30 a.m. Eastern Time on the next Business Day ("Day 2"). You represent and warrant that orders received in good order and time stamped by you after the Close of Trading on Day 1 shall be treated by you and transmitted to Fund/SERV as if received on Day 2. Such orders shall receive the share price next calculated following the Close of Trading on Day 2. All Instructions we receive from Fund/SERV after 6:30 a.m. Eastern Time on Day 2 shall be processed by us on the following Business Day and shall receive the share price next calculated following the close of trading on Day 2. You represent and warrant that you have, maintain and periodically test, procedures and systems in place reasonably designed to prevent orders received after the Close of Trading on Day 1 from being executed with orders received before the Close of Trading on Day 1, and periodically monitor the systems to determine their effectiveness. Subject to your compliance with the foregoing, you will be considered the designee of the Underwriter and the Portfolios, and the Business Day on which Instructions are received by you in proper form prior to the Close of Trading will be the date as of which shares of the Portfolios are deemed purchased, exchanged or

redeemed pursuant to such Instructions. Dividends and capital gain distributions will be automatically reinvested at net asset value in accordance with the Portfolio's then current prospectus.

3.4.4 We shall calculate the net asset value per share of each Portfolio on each Business Day, and shall furnish to you through NSCC's Networking or Mutual Fund Profile System: (i) the most current net asset value

information for each Portfolio; and (ii) in the case of fixed income funds that declare daily dividends, the daily accrual or the interest rate factor. All such information shall be furnished to you by 6:30 p.m. Eastern Time on each Business Day or at such other time as that information becomes available.

3.4.5 You will wire payment for net purchase orders by the Trust's NSCC Firm Number, in immediately available funds, to an NSCC settling bank account designated by you in accordance with NSCC rules and procedures on the same Business Day such purchase orders are communicated to NSCC. For purchases of shares of daily dividend accrual funds, those shares will not begin to accrue dividends until the day the payment for those shares is received.

3.4.6 We will redeem any full or fractional shares of any Portfolio, when requested by you on behalf of an Account, at the net asset value next computed after receipt by us (or our agent or you as our designee) of the request for redemption, as established in accordance with the provisions of the then current prospectus of the Trust. NSCC will wire payment for net redemption orders by the Trust, in immediately available funds, to an NSCC settling bank account designated by you in accordance with NSCC rules and procedures on the Business Day such redemption orders are communicated to NSCC, except as provided in the Trust's prospectus and statement of additional information.

3.4.7 Issuance and transfer of the Portfolio shares will be by book entry only. Stock certificates will not be issued to you or the Accounts. Portfolio shares purchased from the Trust will be recorded in the appropriate title for each Account or the appropriate subaccount of each Account.

3.4.8 We shall furnish through NSCC's Networking or Mutual Fund Profile System on or before the ex-dividend date, notice to you of any income dividends or capital gain distributions payable on the shares of any Portfolio. You hereby elect to receive all such income dividends and capital gain distributions as are payable on shares of a Portfolio in additional shares of that Portfolio, and you reserve the right to change this election in the future. We will notify you of the number of shares so issued as payment of such dividends and distributions.

3.4.9 All orders are subject to acceptance by Underwriter and become effective only upon confirmation by Underwriter. Underwriter reserves the right: (i) not to accept any specific order or part of any order for the purchase or exchange of shares through Fund/SERV; and (ii) to require any redemption order or any part of any redemption order to be settled outside of Fund/SERV, in which case the order or portion thereof shall not be "confirmed" by Underwriter, but rather shall be accepted for redemption in accordance with Section 3.4.11 below.

3.4.10 All trades placed through Fund/SERV and confirmed by Underwriter via Fund/SERV shall settle in accordance with Underwriter's profile within Fund/SERV applicable to you. Underwriter agrees to provide you with account positions and activity data relating to share transactions via Networking.

3.4.11 If on any specific day you or Underwriter are unable to meet the NSCC deadline for the transmission of purchase or redemption orders for that day, a party may at its option transmit such orders and make such payments for purchases and redemptions directly to you or us, as applicable, as is otherwise provided in the Agreement; provided, however, that we must receive written notification from you by 9:00 a.m. Eastern Time on any day that you wish to transmit such orders and/or make such payments directly to us.

3.4.12 In the event that you or we are unable to or prohibited from electronically communicating, processing or settling share transactions via Fund/SERV, you or we shall notify the other, including providing the notification provided above in Section 3.4.11. After all parties have been notified, you and we shall submit orders using manual transmissions as are otherwise provided in the Agreement.

3.4.13 These procedures are subject to any additional terms in each Portfolio's prospectus and the requirements of applicable law. The Trust reserves the right, at its discretion and without notice, to suspend the sale of shares or withdraw the sale of shares of any Portfolio.

3.4.14 Each party to the Agreement agrees that, in the event of a material error resulting from incorrect information or confirmations, the parties will seek to comply in all material respects with the provisions of applicable federal securities laws.

3.4.15 You and Underwriter represent and warrant that each: (a) has entered into an agreement with NSCC; (b) has met and will continue to meet all of the requirements to participate in Fund/SERV and Networking; (c) intends to remain at all times in compliance with the then current rules and procedures of NSCC, all to the extent necessary

or appropriate to facilitate such communications, processing, and settlement of share transactions; and (d) will notify the other parties to this Agreement if there is a change in or a pending failure with respect to its agreement with NSCC."

4. A new Section 6.7 is hereby added to the Agreement as follows:

"6.7 You agree that any posting of Portfolio prospectuses on your website will result in the Portfolio prospectuses: (i) appearing identical to the hard copy printed version; (ii) being clearly associated with the particular Contracts in which they are available and posted in close proximity to the applicable Contract prospectuses; (iii) having no less prominence than prospectuses of any other underlying funds available under the Contracts; and (iv) being used in an

authorized manner. Notwithstanding the above, you understand and agree that you are responsible for ensuring that participation in the Portfolios, and any website posting, or other use, of the Portfolio prospectuses is in compliance with this Agreement and applicable state and federal securities and insurance laws and regulations, including as they relate to paper or electronic use of fund prospectuses. The format of such presentation, the script and layout for any website that mentions the Trust, the Underwriter, an Adviser or the Portfolios shall be routed to us as sales literature or other promotional materials, pursuant to Section 6 of this Agreement.

In addition, you agree to be solely responsible for maintaining and updating the Portfolio prospectuses' PDF files (including prospectus supplements) and removing and/or replacing promptly any outdated prospectuses, as necessary, ensuring that any accompanying instructions by us, for using or stopping use are followed. You agree to designate and make available to us a person to act as a single point of communication contact for these purposes. We are not responsible for any additional costs or additional liabilities that may be incurred as a result of your election to place the Portfolio prospectuses on your website. We reserve the right to revoke this authorization, at any time and for any reason, although we may instead make our authorization subject to new procedures."

5. A new Section 6.8 is hereby added to the Agreement as follows:

"6.8 Each of your and your distributor's registered representatives, agents, independent contractors and employees, as applicable, will have access to our websites at franklintempleton.com, and such other URLs through which we may permit you to conduct business concerning the Portfolios from time to time (referred to collectively as the "Site") as provided herein: (i) upon registration by such individual on a Site; (ii) if you cause a Site Access Request Form (an "Access

Form") to be signed by your authorized supervisory personnel and submitted to us, as a Schedule to, and legally a part of, this Agreement; or (iii) if you provide such individual with the necessary access codes or other information necessary to access the Site through any generic or firm-wide authorization we may grant you from time to time. Upon receipt by us of a completed registration submitted by an individual through the Site or a signed Access Form referencing such individual, we shall be entitled to rely upon the representations contained therein as if you had made them directly hereunder and we will issue a user identification, express number and/or password (collectively, "Access Code"). Any person to whom we issue an Access Code or to whom you provide the necessary Access Codes or other information necessary to access the Site through any generic or firm-wide authorization we may grant you from time to time shall be an "Authorized User."

We shall be entitled to assume that such person validly represents you and that all instructions received from such person are authorized, in which case such person will have access to the Site, including all services and information to which you are authorized to access on the Site. All inquiries and actions initiated

by you (including your Authorized Users) are your responsibility, are at your risk and are subject to our review and approval (which could cause a delay in processing). You agree that we do not have a duty to question information or instructions you (including Authorized Users) give to us under this Agreement, and that we are entitled to treat as authorized, and act upon, any such instructions and information you submit to us. You agree to take all reasonable measures to prevent any individual other than an Authorized User from obtaining access to the Site. You agree to inform us if you wish to restrict or revoke the access of any individual Access Code. If you become aware of any loss or theft or unauthorized use of any Access Code, you agree to contact us immediately. You also agree to monitor your (including Authorized Users') use of the Site to ensure the terms of this Agreement are followed. You also agree that you will comply with all policies and agreements concerning Site usage, including without limitation the Terms of Use Agreement(s) posted on the Site ("Site Terms"), as may be revised and reposted on the Site from time to time, and those Site Terms (as in effect from time to time) are a part of this Agreement. Your duties under this section are considered "services" required under the terms of this Agreement. You acknowledge that the Site is transmitted over the Internet on a reasonable efforts basis and we do not warrant or guarantee their accuracy, timeliness, completeness, reliability or non-infringement. Moreover, you acknowledge that the Site is provided for informational purposes only, and is not intended to comply with any requirements established by any regulatory or governmental agency."

6. A new paragraph is added at the end of Section 10.8 of the Agreement as

follows:

"Each party to this Agreement agrees to limit the disclosure of nonpublic personal information of Contract owners consistent with its policies on privacy with respect to such information and Regulation S-P of the SEC. Each party hereby agrees that it will comply with all applicable requirements under the regulations implementing Title V of the Gramm-Leach-Bliley Act and any other applicable federal and state consumer privacy acts, rules and regulations. Each party further represents that it has in place, and agrees that it will maintain, information security policies and procedures for protecting nonpublic personal customer information adequate to conform to applicable legal requirements."

IN WITNESS WHEREOF, each of the parties has caused its duly authorized officers to execute this Amendment.

The Trust:

Franklin Templeton Variable Insurance
Products Trust

Only on behalf of
each Portfolio listed
on Schedule C of
the Agreement.

By:

Name: Karen L. Skidmore
Title: Assistant Vice President

The Underwriter:

Franklin/Templeton Distributors, Inc.

By:

Name: Scott M. Lee
Title: Senior Vice President

The Company:

AIG Life Insurance Company

By:

Name:
Title:

[Corporate Seal]

Attest:

Name:
Title:

PARTICIPATION AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____, _____ by and between GOLDMAN SACHS VARIABLE INSURANCE TRUST, an unincorporated business trust formed under the laws of Delaware (the "Trust"), GOLDMAN, SACHS & CO., a New York limited partnership (the "Distributor"), and AIG LIFE INSURANCE COMPANY, a Delaware life insurance company (the "Company"), on its own behalf and on behalf of each separate account of the Company identified herein.

WHEREAS, the Trust is a series-type mutual fund offering shares of beneficial interest (the "Trust shares") consisting of one or more separate series ("Series") of shares, each such Series representing an interest in a particular investment portfolio of securities and other assets (a "Fund"), and which Series may be subdivided into various classes ("Classes") with each such Class supporting a distinct charge and expense arrangement; and

WHEREAS, the Trust was established for the purpose of serving as an investment vehicle for insurance company separate accounts supporting variable annuity contracts and variable life insurance policies to be offered by insurance companies and may also be utilized by qualified retirement plans; and

WHEREAS, the Trust has obtained an order from the Securities and Exchange Commission, dated February 2, 1998 (File No. 812-10794), granting Participating Insurance Companies and variable annuity and variable life insurance separate accounts exemptions from the provisions of sections 9(a), 13(a), 15(a), and 15(b) of the 1940 Act (as defined below) and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) thereunder, to the extent necessary to permit shares of the Trust to be sold to and held by variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies (hereinafter the "Shared Trusting Exemptive Order"); and

WHEREAS, the Distributor has the exclusive right to distribute Trust shares to qualifying investors; and

WHEREAS, the Company desires that the Trust serve as an investment vehicle for a certain separate account(s) of the Company and the Distributor desires to sell shares of certain Series and/or Class(es) to such separate account(s);

NOW, THEREFORE, in consideration of their mutual promises, the Trust, the Distributor and the Company agree as follows:

ARTICLE I
Additional Definitions

1.1. "Account" -- the separate account of the Company described more specifically in Schedule 1 to this Agreement. If more than one separate account is described on Schedule 1, the term shall refer to each separate account so described.

1

1.2. "Business Day" -- each day that the Trust is open for business as provided in the Trust's Prospectus.

1.3. "Code" -- the Internal Revenue Code of 1986, as amended, and any successor thereto.

1.4. "Contracts" -- the class or classes of variable annuity contracts and/or variable life insurance policies issued by the Company and described more specifically on Schedule 2 to this Agreement.

1.5. "Contract Owners" -- the owners of the Contracts, as distinguished from all Product Owners.

1.6. "Participating Account" -- a separate account investing all or a portion of its assets in the Trust, including the Account.

1.7. "Participating Insurance Company" -- any insurance company investing in the Trust on its behalf or on behalf of a Participating Account, including the Company.

1.8. "Participating Plan" -- any qualified retirement plan investing in the Trust.

1.9. "Participating Investor" -- any Participating Account, Participating Insurance Company or Participating Plan, including the Account and the Company.

1.10. "Products" -- variable annuity contracts and variable life insurance policies supported by Participating Accounts, including the Contracts.

1.11. "Product Owners" -- owners of Products, including Contract Owners.

1.12. "Trust Board" -- the board of trustees of the Trust.

1.13. "Registration Statement" -- with respect to the Trust shares or a class of Contracts, the registration statement filed with the SEC to register such securities under the 1933 Act, or the most recently filed amendment thereto, in either case in the form in which it was declared or became effective. The Contracts' Registration Statement for each class of Contracts is described more specifically on Schedule 2 to this Agreement. The Trust's Registration Statement is filed on Form N-1A (File No. 333-35883).

1.14. "1940 Act Registration Statement" -- with respect to the Trust or the Account, the registration statement filed with the SEC to register such person as an investment company under the 1940 Act, or the most recently filed amendment thereto. The Account's 1940 Act Registration Statement is described more specifically on Schedule 2 to this Agreement. The Trust's 1940 Act Registration Statement is filed on Form N-1A (File No. 811-08361).

1.15. "Prospectus" -- with respect to shares of a Series (or Class) of the Trust or a class of Contracts, each version of the definitive prospectus or supplement thereto filed with the SEC pursuant to Rule 497 under the 1933 Act. With respect to any provision of this Agreement requiring a party to take action in accordance with a Prospectus, such reference thereto shall be deemed to be to the version for the applicable Series, Class or Contracts last so filed prior to the taking of such action. For purposes of Article IX, the term "Prospectus" shall include any statement of additional information incorporated therein.

1.16. "Statement of Additional Information" -- with respect to the shares of the Trust or a class of Contracts, each version of the definitive

statement of additional information or supplement thereto filed with the SEC pursuant to Rule 497 under the 1933 Act. With respect to any provision of this Agreement requiring a party to take action in accordance with a Statement of Additional Information, such reference thereto shall be deemed to be the last version so filed prior to the taking of such action.

1.17. "SEC" -- the Securities and Exchange Commission.

1.18. "NASD" -- The National Association of Securities Dealers, Inc.

1.19. "1933 Act" -- the Securities Act of 1933, as amended.

1.20. "1940 Act" -- the Investment Company Act of 1940, as amended.

ARTICLE II
Sale of Trust Shares

2.1. Availability of Shares

(a) The Trust has granted to the Distributor exclusive authority to distribute the Trust shares and to select which Series or Classes of Trust shares shall be made available to Participating Investors. Pursuant to such authority, and subject to Article X hereof, the Distributor shall make available to the Company for purchase on behalf of the Account, shares of the Series and Classes listed on Schedule 3 to this Agreement, such purchases to be effected at net asset value in accordance with Section 2.3 of this Agreement. Such Series and Classes shall be made available to the Company in accordance with the terms and provisions of this Agreement until this Agreement is terminated pursuant to Article X or the Distributor suspends or terminates the offering of shares of such Series or Classes in the circumstances described in Article X.

(b) Notwithstanding clause (a) of this Section 2.1, Series or Classes of Trust shares in existence now or that may be established in the future will be made available to the Company only as the Distributor may so provide, subject to the Distributor's rights set forth in Article X to suspend or terminate the offering of shares of any Series or Class or to terminate this Agreement.

(c) The parties acknowledge and agree that: (i) the Trust may revoke the Distributor's authority pursuant to the terms and conditions of its distribution agreement with the Distributor; and (ii) the Trust reserves the right in its sole discretion to refuse to accept a request for the purchase of Trust shares.

2.2. Redemptions. The Trust shall redeem, at the Company's request, any full or fractional Trust shares held by the Company on behalf of the Account, such redemptions to be effected at net asset value in accordance with Section 2.3 of this Agreement. Notwithstanding the foregoing, the Trust may delay redemption of Trust shares of any Series or Class to the extent permitted by the 1940 Act, any rules, regulations or orders thereunder, or the Prospectus for such Series or Class.

3

2.3. Purchase and Redemption Procedures

(a) The Trust hereby appoints the Company as an agent of the

Trust for the limited purpose of receiving purchase and redemption requests on behalf of the Account (but not with respect to any Trust shares that may be held in the general account of the Company) for shares of those Series or Classes made available hereunder, based on allocations of amounts to the Account or subaccounts thereof under the Contracts, other transactions relating to the Contracts or the Account and customary processing of the Contracts. Receipt of any such requests (or effectuation of such transaction or processing) on any Business Day by the Company as such limited agent of the Trust prior to the Trust's close of business as defined from time to time in the applicable Prospectus for such Series or Class (which as of the date of execution of this Agreement is defined as the close of regular trading on the New York Stock Exchange (normally 4:00 p.m. New York Time)) shall constitute receipt by the Trust on that same Business Day, provided that the Trust receives actual and sufficient notice of such request by 10:00 a.m. New York Time on the next following Business Day. Such notice may be communicated by telephone to the office or person designated for such notice by the Trust, and shall be confirmed by facsimile.

(b) The Company shall pay for shares of each Series or Class on the same day that it provides actual notice to the Trust of a purchase request for such shares. Payment for Series or Class shares shall be made in Federal funds transmitted to the Trust by wire to be received by the Trust by 5:00 p.m. New York Time on the day the Trust receives actual notice of the purchase request for Series or Class shares (unless the Trust determines and so advises the Company that sufficient proceeds are available from redemption of shares of other Series or Classes effected pursuant to redemption requests tendered by the Company on behalf of the Account). In no event may proceeds from the redemption of shares requested pursuant to an order received by the Company after the Trust's close of business on any Business Day be applied to the payment for shares for which a purchase order was received prior to the Trust's close of business on such day. If the issuance of shares is canceled because Federal funds are not timely received, the Company shall indemnify the respective Fund and Distributor with respect to all costs, expenses and losses relating thereto. Upon the Trust's receipt of Federal funds so wired, such funds shall cease to be the responsibility of the Company and shall become the responsibility of the Trust. If Federal funds are not received on time, such funds will be invested, and Series or Class shares purchased thereby will be issued, as soon as practicable after actual receipt of such funds but in any event not on the same day that the purchase order was received.

(c) Payment for Series or Class shares redeemed by the Account or the Company shall be made in Federal funds transmitted by wire to the Company or any other person properly designated in writing by the Company, such funds normally to be transmitted by 6:00 p.m. New York Time on the next Business Day after the Trust receives actual notice of the redemption order for Series or Class shares (unless redemption proceeds are to be applied to the purchase of Trust shares of other Series or Classes in accordance with Section 2.3(b) of this Agreement), except that the Trust reserves the right to redeem Series or Class shares in assets other than cash and to delay payment of redemption proceeds to the extent permitted by the 1940 Act, any rules or regulations or orders thereunder, or the applicable Prospectus. The Trust shall not bear any responsibility whatsoever for the proper disbursement or crediting of redemption proceeds by the Company; the Company alone shall be responsible for such action.

(d) Any purchase or redemption request for Series or Class shares held or to be held in the Company's general account shall be effected at the net asset value per share next determined after the Trust's actual receipt of such request, provided that, in the case of a purchase request, payment for Trust shares so requested is received by the Trust in Federal funds prior to close of business for determination of such value, as defined from time to time in the Prospectus for such Series or Class.

(e) Prior to the first purchase of any Trust shares hereunder, the Company and the Trust shall provide each other with all information necessary to effect wire transmissions of Federal funds to the other party and all other designated persons pursuant to such protocols and security procedures as the parties may agree upon. Should such information change thereafter, the Trust and the Company, as applicable, shall notify the other in writing of such changes, observing the same protocols and security procedures, at least three Business Days in advance of when such change is to take effect. The Company and the Trust shall observe customary procedures to protect the confidentiality and security of such information, but the Trust shall not be liable to the Company for any breach of security.

(f) The procedures set forth herein are subject to any additional terms set forth in the applicable Prospectus for the Series or Class or by the requirements of applicable law.

2.4. Net Asset Value. The Trust shall use its best efforts to inform the Company of the net asset value per share for each Series or Class available to the Company on a daily basis as soon as reasonably practicable after the net asset value per share for such Series or Class is calculated, which should not be later than 6:30 p.m. New York Time. Under normal conditions the net asset value will be provided to the Company no later than 6:30 p.m. New York Time. If the Trust is unable to meet the 6:30 p.m. time stated herein, then the Trust and the Company shall work cooperatively in good faith to allow, if possible, additional time for the Company to place orders for the purchase and redemption of Trust shares, provided that all such orders were received by the Company no later than the Trust's cut off time set forth in the prospectus. The Trust shall calculate such net asset value in accordance with the Prospectus for such Series or Class.

2.5. Dividends and Distributions. The Trust shall furnish same day notice to the Company as soon as reasonably practicable of any income dividends or capital gain distributions payable on any Series or Class shares. The Company, on its behalf and on behalf of the Account, hereby elects to receive all such dividends and distributions as are payable on any Series or Class shares in the form of additional shares of that Series or Class. Notwithstanding this Section 2.5, the Trust shall utilize its best efforts to provide the Company with at least ten (10) Business Days advance notice of any forthcoming dividend or capital gain distributions. The Company reserves the right, on its behalf and on behalf of the Account, to revoke this election and to receive all such dividends and capital gain distributions in cash. The Trust shall notify the Company promptly of the number of Series or Class shares so issued as payment of such dividends and distributions.

2.6. Book Entry. Issuance and transfer of Trust shares shall be by book entry only. Stock certificates will not be issued to the Company or the Account. Purchase and redemption orders for Trust shares shall be recorded in an appropriate ledger for the Account or the appropriate subaccount of the Account.

2.7. Pricing Errors. Any material errors in the calculation of net asset value, dividends or capital gain information shall be reported immediately upon discovery to the Company. An error shall be deemed "material" based on our interpretation of the SEC's position and policy with regard to materiality, as it may be modified from time to time. Neither the Trust, any Fund, the Distributor, nor any of their affiliates shall be liable for any information provided to the Company pursuant to this Agreement which information is based on incorrect information supplied by or on behalf of the Company.

2.8. Limits on Purchasers. The Distributor and the Trust shall sell Trust shares only to insurance companies on behalf of their separate accounts and to persons or plans ("Qualified Persons") that qualify to purchase shares of the Trust under Section 817(h) of the Code and the regulations thereunder without impairing the ability of the Account to consider the portfolio investments of the Trust as constituting investments of the Account for the purpose of satisfying the diversification requirements of Section 817(h). The Distributor and the Trust shall not sell Trust shares to any insurance company or separate account unless an agreement complying with Article VIII of this Agreement is in effect to govern such sales. The Company hereby represents and warrants that it on behalf of the Account are Qualified Persons.

ARTICLE III Representations and Warranties

3.1. Company. The Company represents and warrants that: (i) the Company is an insurance company duly organized and in good standing under Texas insurance law; (ii) the Account is a validly existing separate account, duly established and maintained in accordance with applicable law; (iii) the Account's 1940 Act Registration Statement has been filed with the SEC in accordance with the provisions of the 1940 Act and the Account is duly registered as a unit investment trust thereunder; (iv) the Contracts' Registration Statement has been declared effective by the SEC; (v) the Contracts will be issued in compliance in all material respects with all applicable Federal and state laws; (vi) the Contracts have been filed, qualified and/or approved for sale, as applicable, under the insurance laws and regulations of the states in which the Contracts will be offered; (vii) the Account will maintain its registration under the 1940 Act and will comply in all material respects with the 1940 Act; (viii) the Contracts currently are, and at the time of issuance and for so long as they are outstanding will be, treated as annuity contracts, life insurance policies, or modified endowment contracts, whichever is appropriate, under applicable provisions of the Code; and (ix) the Company's entering into and performing its obligations under this Agreement does not and will not violate its charter documents or by-laws, rules or regulations, or any agreement to which it is a party. The Company will notify the Trust promptly if for any reason it is unable to perform its obligations under this Agreement.

3.2. Trust. The Trust represents and warrants that: (i) the Trust is an unincorporated business trust duly formed and validly existing under the Delaware law; (ii) the Trust's 1940 Act Registration Statement has been filed with the SEC in accordance with the provisions of the 1940 Act and the Trust is duly registered as an open-end management investment company thereunder; (iii) the Trust's Registration Statement has been declared effective by the SEC; (iv) the Trust shares will be issued in compliance in all material respects with all applicable federal laws; (v) the Trust will remain registered under and will comply in all material respects with the 1940 Act during the term of this Agreement; (vi) each Fund of the Trust intends to qualify as a "regulated investment company" under Subchapter M of the Code and to comply with the diversification standards prescribed in Section 817(h) of the Code and the regulations thereunder; and (vii) the investment policies of each Fund are in material compliance with any investment restrictions set forth on Schedule 4 to this Agreement. The Trust, however, makes no representation as to whether any

aspect of its operations (including, but not limited to, fees and expenses and investment policies) otherwise complies with the insurance laws or regulations of any state.

6

3.3. Distributor. The Distributor represents and warrants that: (i) the Distributor is a limited partnership duly organized and in good standing under New York law; (ii) the Distributor is registered as a broker-dealer under federal and applicable state securities laws and is a member of the NASD; and (iii) the Distributor is registered as an investment adviser under federal securities laws.

3.4. Legal Authority. Each party represents and warrants that the execution and delivery of this Agreement and the consummation of the transactions contemplated herein have been duly authorized by all necessary corporate, partnership or trust action, as applicable, by such party, and, when so executed and delivered, this Agreement will be the valid and binding obligation of such party enforceable in accordance with its terms.

3.5. Bonding Requirement. Each party represents and warrants that all of its directors, officers, partners and employees dealing with the money and/or securities of the Trust are and shall continue to be at all times covered by a blanket fidelity bond or similar coverage for the benefit of the Trust in an amount not less than the amount required by the applicable rules of the NASD and the federal securities laws. The aforesaid bond shall include coverage for larceny and embezzlement and shall be issued by a reputable bonding company. All parties shall make all reasonable efforts to see that this bond or another bond containing these provisions is always in effect, shall provide evidence thereof promptly to any other party upon written request therefor, and shall notify the other parties promptly in the event that such coverage no longer applies.

ARTICLE IV Regulatory Requirements

4.1. Trust Filings. The Trust shall amend the Trust's Registration Statement and the Trust's 1940 Act Registration Statement from time to time as required in order to effect the continuous offering of Trust shares in compliance with applicable law and to maintain the Trust's registration under the 1940 Act for so long as Trust shares are sold.

4.2. Contracts Filings. The Company shall amend the Contracts' Registration Statement and the Account's 1940 Act Registration Statement from time to time as required in order to effect the continuous offering of the Contracts in compliance with applicable law or as may otherwise be required by applicable law, but in any event shall maintain a current effective Contracts' Registration Statement and the Account's registration under the 1940 Act for so long as the Contracts are continuing to be issued. The Company shall be responsible for filing all such Contract forms, applications, marketing materials and other documents relating to the Contracts and/or the Account with state insurance commissions, as required or customary, and shall use its best efforts: (i) to obtain any and all approvals thereof, under applicable state insurance law, of each state or other jurisdiction in which Contracts are or may be offered for sale; and (ii) to keep such approvals in effect for so long as the Contracts are outstanding.

4.3. Voting of Trust Shares. With respect to any matter put to vote by the holders of Trust shares ("Voting Shares"), the Company will provide "pass-through" voting privileges to owners of Contracts registered with the SEC as long as the 1940 Act requires such privileges in such cases. In cases in

which "pass-through" privileges apply, the Company will (i) solicit voting instructions from Contract Owners of SEC-registered Contracts; (ii) vote Voting Shares attributable to Contract Owners in accordance with instructions or proxies timely received from such Contract Owners; and (iii) vote Voting Shares held by it that are not attributable to reserves for SEC-registered Contracts or for which it has not received timely voting instructions in the

7

same proportion as instructions received in a timely fashion from Owners of SEC-registered Contracts. The Company shall be responsible for ensuring that it calculates "pass-through" votes for the Account in a manner consistent with the provisions set forth above and with other Participating Insurance Companies. Neither the Company nor any of its affiliates will in any way recommend action in connection with, or oppose or interfere with, the solicitation of proxies for the Trust shares held for such Contract Owners, except with respect to matters as to which the Company has the right under Rule 6e-2 or 6e-3(T) under the 1940 Act, to vote Voting Shares without regard to voting instructions from Contract Owners.

4.4. State Insurance Restrictions. The Company acknowledges and agrees that it is the responsibility of the Company and other Participating Insurance Companies to determine investment restrictions and any other restrictions, limitations or requirements under state insurance law applicable to any Fund or the Trust or the Distributor, and that neither the Trust nor the Distributor shall bear any responsibility to the Company, other Participating Insurance Companies or any Product Owners for any such determination or the correctness of such determination. Schedule 4 sets forth the investment restrictions that the Company and/or other Participating Insurance Companies have determined are applicable to any Fund and with which the Trust has agreed to comply as of the date of this Agreement. The Company shall inform the Trust of any investment restrictions imposed by state insurance law that the Company determines may become applicable to the Trust or a Fund from time to time as a result of the Account's investment therein, other than those set forth on Schedule 4 to this Agreement. Upon receipt of any such information from the Company or any other Participating Insurance Company, the Trust shall determine whether it is in the best interests of shareholders to comply with any such restrictions. If the Trust determines that it is not in the best interests of shareholders (it being understood that "shareholders" for this purpose shall mean Product Owners) to comply with a restriction determined to be applicable by the Company, the Trust shall so inform the Company, and the Trust and the Company shall discuss alternative accommodations in the circumstances. If the Trust determines that it is in the best interests of shareholders to comply with such restrictions, the Trust and the Company shall amend Schedule 4 to this Agreement to reflect such restrictions, subject to obtaining any required shareholder approval thereof.

4.5. Compliance. Except as otherwise provided under this Agreement, under no circumstances will the Trust, the Distributor or any of their affiliates (excluding Participating Investors) be held responsible or liable in any respect for any statements or representations made by them or their legal advisers to the Company or any Contract Owner concerning the applicability of any federal or state laws, regulations or other authorities to the activities contemplated by this Agreement.

4.6. Drafts of Filings. The Trust and the Company shall provide to each other copies of draft versions of any Registration Statements, Prospectuses, Statements of Additional Information, periodic and other shareholder or Contract Owner reports, proxy statements, solicitations for voting instructions, applications for exemptions, requests for no-action

letters, and all amendments or supplements to any of the above, prepared by or on behalf of either of them and that mentions the other party by name. Such drafts shall be provided to the other party sufficiently in advance of filing such materials with regulatory authorities in order to allow such other party a reasonable opportunity to review the materials.

4.7. Copies of Filings. The Trust and the Company shall provide to each other at least one complete copy of all Registration Statements, Prospectuses, Statements of Additional Information, periodic and other shareholder or Contract Owner reports, proxy statements, solicitations of voting instructions, applications for exemptions, requests for no-action letters, and all amendments or supplements to any of the above, that relate to the Trust, the Contracts or the Account, as the case may be, promptly after the filing by or on behalf of each such party of

8

such document with the SEC or other regulatory authorities (it being understood that this provision is not intended to require the Trust to provide to the Company copies of any such documents prepared, filed or used by Participating Investors other than the Company and the Account).

4.8. Regulatory Responses. Each party shall promptly provide to all other parties copies of responses to no-action requests, notices, orders and other rulings received by such party with respect to any filing covered by Section 4.7 of this Agreement.

4.9. Complaints and Proceedings

(a) The Trust and/or the Distributor shall immediately notify the Company of: (i) the issuance by any court or regulatory body of any stop order, cease and desist order, or other similar order (but not including an order of a regulatory body exempting or approving a proposed transaction or arrangement) with respect to the Trust's Registration Statement or the Prospectus of any Series or Class; (ii) any request by the SEC for any amendment to the Trust's Registration Statement or the Prospectus of any Series or Class; (iii) the initiation of any proceedings for that purpose or for any other purposes relating to the registration or offering of the Trust shares; or (iv) any other action or circumstances that may prevent the lawful offer or sale of Trust shares or any Class or Series in any state or jurisdiction, including, without limitation, any circumstance in which (A) such shares are not registered and, in all material respects, issued and sold in accordance with applicable state and federal law or (B) such law precludes the use of such shares as an underlying investment medium for the Contracts. The Trust will make every reasonable effort to prevent the issuance of any such stop order, cease and desist order or similar order and, if any such order is issued, to obtain the lifting thereof at the earliest possible time.

(b) The Company shall immediately notify the Trust and the Distributor of: (i) the issuance by any court or regulatory body of any stop order, cease and desist order, or other similar order (but not including an order of a regulatory body exempting or approving a proposed transaction or arrangement) with respect to the Contracts' Registration Statement or the Contracts' Prospectus; (ii) any request by the SEC for any amendment to the Contracts' Registration Statement or Prospectus; (iii) the initiation of any proceedings for that purpose or for any other purposes relating to the registration or offering of the Contracts; or (iv) any other action or circumstances that may prevent

the lawful offer or sale of the Contracts or any class of Contracts in any state or jurisdiction, including, without limitation, any circumstance in which such Contracts are not registered, qualified and approved, and, in all material respects, issued and sold in accordance with applicable state and federal laws. The Company will make every reasonable effort to prevent the issuance of any such stop order, cease and desist order or similar order and, if any such order is issued, to obtain the lifting thereof at the earliest possible time.

(c) Each party shall immediately notify the other parties when it receives notice, or otherwise becomes aware of, the commencement of any litigation or proceeding against such party or a person affiliated therewith in connection with the issuance or sale of Trust shares or the Contracts.

(d) The Company shall provide to the Trust and the Distributor any complaints it has received from Contract Owners pertaining to the Trust or a Fund, and

9

the Trust and Distributor shall each provide to the Company any complaints it has received from Contract Owners relating to the Contracts.

4.10. Cooperation. Each party hereto shall cooperate with the other parties and all appropriate government authorities (including without limitation the SEC, the NASD and state securities and insurance regulators) and shall permit such authorities reasonable access to its books and records in connection with any investigation or inquiry by any such authority relating to this Agreement or the transactions contemplated hereby. However, such access shall not extend to attorney-client privileged information.

ARTICLE V

Sale, Administration and Servicing of the Contracts

5.1. Sale of the Contracts. The Company shall be fully responsible as to the Trust and the Distributor for the sale and marketing of the Contracts. The Company shall provide Contracts, the Contracts' and Trust's Prospectuses, Contracts' and Trust's Statements of Additional Information, and all amendments or supplements to any of the foregoing to Contract Owners and prospective Contract Owners, all in accordance with federal and state laws. The Company shall ensure that all persons offering the Contracts are duly licensed and registered under applicable insurance and securities laws. The Company shall ensure that each sale of a Contract satisfies applicable suitability requirements under insurance and securities laws and regulations, including without limitation the rules of the NASD. The Company shall adopt and implement procedures reasonably designed to ensure that information concerning the Trust and the Distributor that is intended for use only by brokers or agents selling the Contracts (i.e., information that is not intended for distribution to Contract Owners or offerees) is so used.

5.2. Administration and Servicing of the Contracts. The Company shall be fully responsible as to the Trust and the Distributor for the underwriting, issuance, service and administration of the Contracts and for the administration of the Account, including, without limitation, the calculation of performance information for the Contracts, the timely payment of Contract Owner redemption requests and processing of Contract transactions, and the maintenance of a service center, such functions to be performed in all respects at a level commensurate with those standards prevailing in the variable insurance industry.

The Company shall provide to Contract Owners all Trust reports, solicitations for voting instructions including any related Trust proxy solicitation materials, and updated Trust Prospectuses as required under the federal securities laws..

5.3. Customer Complaints. The Company shall promptly address all customer complaints and resolve such complaints consistent with high ethical standards and principles of ethical conduct.

5.4. Trust Prospectuses and Reports. In order to enable the Company to fulfill its obligations under this Agreement and the federal securities laws, the Trust shall provide the Company with a copy, in camera-ready form or form otherwise suitable for printing or duplication of: (i) the Trust's Prospectus for the Series and Classes listed on Schedule 3 and any supplement thereto; (ii) each Statement of Additional Information and any supplement thereto; (iii) any Trust proxy soliciting material for such Series or Classes; and (iv) any Trust periodic shareholder reports. The Trust and the Company may agree upon alternate arrangements, but in all cases, the Trust reserves the right to approve the printing of any such material. The Trust shall provide the Company at least 10 days advance written notice when any such material shall become available, provided, however, that in the case of a supplement, the Trust shall provide the Company notice reasonable in the circumstances, it being understood that circumstances surrounding such supplement may not allow for advance notice. The Company may not alter any

10

material so provided by the Trust or the Distributor (including without limitation presenting or delivering such material in a different medium, e.g., electronic or Internet) without the prior written consent of the Distributor.

5.5. Trust Advertising Material. No piece of marketing, advertising or sales literature or other promotional material in which the Trust or the Distributor or the trade name and trademark Goldman Sachs (the "Mark") is named (including, without limitation, material for prospects, existing Contract Owners, brokers, rating or ranking agencies, or the press, whether in print, radio, television, video, Internet, or other electronic medium) shall be used by the Company or any person directly or indirectly authorized by the Company, including without limitation, underwriters, distributors, and sellers of the Contracts, except with the prior written consent of the Trust or the Distributor, as applicable, as to the form, content and medium of such material. Any such piece shall be furnished to the Trust for such consent prior to its use. The Trust or the Distributor shall respond to any request for written consent on a prompt and timely basis, but failure to respond shall not relieve the Company of the obligation to obtain the prior written consent of the Trust or the Distributor. After receiving the Trust's or Distributor's consent to the use of any such material, no further changes may be made without obtaining the Trust's or Distributor's consent to such changes. The Trust or Distributor may at any time in its sole discretion revoke such written consent, and upon notification of such revocation, the Company shall no longer use the material subject to such revocation. Until further notice to the Company, the Trust has delegated its rights and responsibilities under this provision to the Distributor.

5.6. Contracts Advertising Material. No piece of marketing, advertising or sales literature or other promotional material in which the Company is named shall be used by the Trust or the Distributor, except with the prior written consent of the Company. Any such piece shall be furnished to the Company for such consent prior to its use. The Company shall respond to any request for written consent on a prompt and timely basis, and failure to respond

to the Trust or the Distributor within three business days shall be deemed as the Company's consent to the use of such sales or marketing literature. The Company may at any time in its sole discretion revoke any written consent, and upon notification of such revocation, neither the Trust nor the Distributor shall use the material subject to such revocation. The Company, upon prior written notice to the Trust, may delegate its rights and responsibilities under this provision to the principal underwriter for the Contracts.

5.7. Trade Names. No party shall use any other party's trade names, logos, trademarks or service marks, whether registered or unregistered, without the prior written consent of such other party, or after written consent therefor has been revoked. The Company shall not use in advertising, publicity or otherwise the name of the Trust, Distributor, or any of their affiliates nor any trade name, trademark, trade device, service mark, symbol or any abbreviation, contraction or simulation thereof of the Trust, Distributor, or their affiliates without the prior written consent of the Trust or the Distributor in each instance. The Company acknowledges that the Distributor owns all right, title and interest in and to the Mark and the registrations thereof. The Company shall use the Mark intact and shall not modify or alter the Mark. Upon termination of this Agreement, the Company or its successor (to the extent and as soon as it lawfully can) will cease the use of the Mark.

5.8. Representations by Company. Except with the prior written consent of the Trust, the Company shall not give any information or make any representations or statements about the Trust or the Funds nor shall it authorize or allow any other person to do so except information or representations contained in the Trust's Registration Statement or the Trust's Prospectuses or in reports or proxy statements for the Trust, or in sales literature or other

11

promotional material approved in writing by the Trust or its designee in accordance with this Article V, or in published reports or statements of the Trust in the public domain.

5.9. Representations by Trust. Except with the prior written consent of the Company, the Trust shall not give any information or make any representations on behalf of the Company or concerning the Company, the Account or the Contracts other than the information or representations contained in the Contracts' Registration Statement or Contracts' Prospectus or in published reports of the Account which are in the public domain or in sales literature or other promotional material approved in writing by the Company in accordance with this Article V.

5.10. Advertising. For purposes of this Article V, the phrase "sales literature or other promotional material" includes, but is not limited to, any material constituting sales literature or advertising under the NASD rules, the 1940 Act or the 1933 Act.

ARTICLE VI Compliance with Code

6.1. Section 817(h). Each Fund of the Trust shall comply with Section 817(h) of the Code and the regulations issued thereunder to the extent applicable to the Fund as an investment company underlying the Account, and the Trust shall notify the Company immediately upon having a reasonable basis for believing that a Fund has ceased to so qualify or that it might not so qualify in the future.

6.2. Subchapter M. Each Fund of the Trust shall maintain the qualification of the Fund as a regulated investment company (under Subchapter M or any successor or similar provision), and the Trust shall notify the Company immediately upon having a reasonable basis for believing that a Fund has ceased to so qualify or that it might not so qualify in the future.

6.3. Contracts. The Company shall ensure the continued treatment of the Contracts as annuity contracts, life insurance policies, or modified endowment contracts, whichever is appropriate, under applicable provisions of the Code and shall notify the Trust and the Distributor immediately upon having a reasonable basis for believing that the Contracts have ceased to be so treated or that they might not be so treated in the future.

ARTICLE VII Expenses

7.1. Expenses. All expenses incident to each party's performance under this Agreement (including expenses expressly assumed by such party pursuant to this Agreement) shall be paid by such party to the extent permitted by law.

7.2. Trust Expenses. Expenses incident to the Trust's performance of its duties and obligations under this Agreement include, but are not limited to, the costs of:

- (a) registration and qualification of the Trust shares under the federal securities laws;
- (b) preparation and filing with the SEC of the Trust's Prospectuses, Trust's Statement of Additional Information, Trust's Registration Statement, Trust proxy solicitation materials and shareholder reports, and preparation of a camera-ready form or form otherwise suitable for printing or duplication of the foregoing;
- (c) preparation of all statements and notices required by any Federal or state securities law;
- (d) all taxes on the issuance or transfer of Trust shares;
- (e) payment of all applicable fees relating to the Trust, including, without limitation, all fees due under Rule 24f-2 in connection with sales of Trust shares to qualified retirement plans, custodial, auditing, transfer agent and advisory fees, fees for insurance coverage and Trustees' fees;
- (f) any expenses permitted to be paid or assumed by the Trust pursuant to a plan, if any, under Rule 12b-1 under the 1940 Act; and
- (g) printing (or duplicating costs with respect to the statement of additional information) and mailing costs associated with the delivery of the Trust's Prospectuses, statement of additional information, reports and proxy soliciting material to existing Contract Owners. The Company will submit any bills for printing, duplicating and/or mailing costs, relating to the Trust's Prospectuses, statement of additional information, reports and proxy soliciting material to the Trust for reimbursement by the

Trust, as it relates to the delivery of these materials to existing Contract Owners. If the Trust's Prospectuses are printed by the Company in one document with the prospectus for the Contracts and the prospectuses for other funds, then the expenses of such printing will be apportioned between the Company and the Trust in proportion to the number of pages of the Contract's prospectus, other fund prospectuses and the Trust's Prospectuses, taking account of other relevant factors affecting the expense of printing, such as covers, columns, graphs and charts; the Trust to bear the cost of printing the Trust's portion of such document (relating to the Trust's Prospectuses) for distribution only to owners of existing Contracts funded by the Trust and the Company to bear the expense of printing the portion of such documents relating to the Account; provided, however, the Company shall bear all printing expenses of such combined documents where used for distribution to prospective purchasers or to owners of existing Variable Contracts not funded by the Trust.

7.3. Company Expenses. Expenses incident to the Company's performance of its duties and obligations under this Agreement include, but are not limited to, the costs of:

- (a) registration and qualification of the Contracts under the federal securities laws;
- (b) preparation and filing with the SEC of the Contracts' Prospectus and Contracts' Registration Statement;
- (c) the sale, marketing and distribution of the Contracts, including printing and dissemination of Contracts' Prospectuses and compensation for Contract sales;
- (d) administration of the Contracts;
- (e) payment of all applicable fees relating to the Contracts, including, without limitation, all fees due under Rule 24f-2;

13

- (f) preparation, printing and dissemination of all statements and notices to Contract Owners required by any Federal or state insurance law other than those paid for by the Trust; and
- (g) preparation, printing and dissemination of all marketing materials for the Contracts and Trust except where other arrangements are made in advance.

7.4. 12b-1 Payments. The Trust shall pay no fee or other compensation to the Company under this Agreement, except that if the Trust or any Series or Class adopts and implements a plan pursuant to Rule 12b-1 under the 1940 Act to finance distribution expenses, then payments may be made to the Company in accordance with such plan. The Trust currently does not intend to make any payments to finance distribution expenses pursuant to Rule 12b-1 under the 1940 Act or in contravention of such rule, although it may make payments pursuant to Rule 12b-1 in the future. To the extent that it decides to finance distribution expenses pursuant to Rule 12b-1 and such formulation is required by the 1940 Act or any rules or order thereunder, the Trust undertakes to have a Board of Trustees, a majority of whom are not interested persons of the Trust, formulate and approve any plan under Rule 12b-1 to finance distribution

expenses.

ARTICLE VIII
Potential Conflicts

8.1. Exemptive Order. The parties to this Agreement acknowledge that the Trust has received an exemptive order from the SEC (the "Exemptive Order") granting relief from various provisions of the 1940 Act and the rules thereunder to the extent necessary to permit Trust shares to be sold to and held by variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated Participating Insurance Companies and other Qualified Persons (as defined in Section 2.8 hereof). The Exemptive Order requires the Trust and each Participating Insurance Company to comply with conditions and undertakings substantially as provided in this Article VIII. The Trust will not enter into a participation agreement with any other Participating Insurance Company unless it imposes the same conditions and undertakings on that company as are imposed on the Company pursuant to this Article VIII.

8.2. Company Monitoring Requirements. The Company will monitor its operations and those of the Trust for the purpose of identifying any material irreconcilable conflicts or potential material irreconcilable conflicts between or among the interests of Participating Plans, Product Owners of variable life insurance policies and Product Owners of variable annuity contracts.

8.3. Company Reporting Requirements. The Company shall report any conflicts or potential conflicts to the Trust Board and will provide the Trust Board, at least annually, with all information reasonably necessary for the Trust Board to consider any issues raised by such existing or potential conflicts or by the conditions and undertakings required by the Exemptive Order. The Company also shall assist the Trust Board in carrying out its obligations including, but not limited to: (a) informing the Trust Board whenever it disregards Contract Owner voting instructions with respect to variable life insurance policies, and (b) providing such other information and reports as the Trust Board may reasonably request. The Company will carry out these obligations with a view only to the interests of Contract Owners.

8.4. Trust Board Monitoring and Determination. The Trust Board shall monitor the Trust for the existence of any material irreconcilable conflicts between or among the interests of Participating Plans, Product Owners of variable life insurance policies and Product Owners of variable annuity contracts and determine what action, if any, should be taken in response to those

14

conflicts. A majority vote of Trustees who are not interested persons of the Trust as defined in the 1940 Act (the "disinterested trustees") shall represent a conclusive determination as to the existence of a material irreconcilable conflict between or among the interests of Product Owners and Participating Plans and as to whether any proposed action adequately remedies any material irreconcilable conflict. The Trust Board shall give prompt written notice to the Company and Participating Plan of any such determination.

8.5. Undertaking to Resolve Conflict. In the event that a material irreconcilable conflict of interest arises between Product Owners of variable life insurance policies or Product Owners of variable annuity contracts and Participating Plans, the Company will, at its own expense, take whatever action is necessary to remedy such conflict as it adversely affects Contract Owners up to and including (1) establishing a new registered management investment company, and (2) withdrawing assets from the Trust attributable to reserves for

the Contracts subject to the conflict and reinvesting such assets in a different investment medium (including another Fund of the Trust) or submitting the question of whether such withdrawal should be implemented to a vote of all affected Contract Owners, and, as appropriate, segregating the assets supporting the Contracts of any group of such owners that votes in favor of such withdrawal, or offering to such owners the option of making such a change. The Company will carry out the responsibility to take the foregoing action with a view only to the interests of Contract Owners.

8.6. Withdrawal. If a material irreconcilable conflict arises because of the Company's decision to disregard the voting instructions of Contract Owners of variable life insurance policies and that decision represents a minority position or would preclude a majority vote at any Fund shareholder meeting, then, at the request of the Trust Board, the Company will redeem the shares of the Trust to which the disregarded voting instructions relate. No charge or penalty, however, will be imposed in connection with such a redemption.

8.7. Expenses Associated with Remedial Action. In no event shall the Trust be required to bear the expense of establishing a new funding medium for any Contract. The Company shall not be required by this Article to establish a new funding medium for any Contract if an offer to do so has been declined by vote of a majority of the Contract Owners materially adversely affected by the irreconcilable material conflict.

8.8. Successor Rules. If and to the extent that Rule 6e-2 and Rule 6e-3(T) are amended, or Rule 6e-3 is adopted, to provide exemptive relief from any provisions of the 1940 Act or the rules promulgated thereunder with respect to mixed and shared funding on terms and conditions materially different from those contained in the Exemptive Order, then (i) the Trust and/or the Company, as appropriate, shall take such steps as may be necessary to comply with Rules 6e-2 and 6e-3(T), as amended, or Rule 6e-3, as adopted, as applicable, to the extent such rules are applicable, and (ii) Sections 8.2 through 8.5 of this Agreement shall continue in effect only to the extent that terms and conditions substantially identical to such Sections are contained in such Rule(s) as so amended or adopted.

ARTICLE IX Indemnification

9.1. Indemnification by the Company. The Company hereby agrees to, and shall, indemnify and hold harmless the Trust, the Distributor and each person who controls or is affiliated with the Trust or the Distributor within the meaning of such terms under the 1933 Act or 1940 Act (but not any Participating Insurance Companies or Qualified Persons) and any officer, trustee, partner, director, employee or agent of the foregoing, against any and all losses, claims, damages or liabilities, joint or several (including any investigative, legal and other expenses reasonably incurred in connection with, and any amounts paid in settlement of, any

15

action, suit or proceeding or any claim asserted), to which they or any of them may become subject under any statute or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities:

- (a) arise out of or are based upon any untrue statement of any material fact contained in the Contracts Registration Statement, Contracts Prospectus, sales literature or other promotional material for the Contracts or the Contracts themselves (or any

amendment or supplement to any of the foregoing), or arise out of or are based upon the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made; provided that this obligation to indemnify shall not apply if such statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by the Trust or the Distributor for use in the Contracts Registration Statement, Contracts Prospectus or in the Contracts or sales literature or promotional material for the Contracts (or any amendment or supplement to any of the foregoing) or otherwise for use in connection with the sale of the Contracts or Trust shares; or

- (b) arise out of any untrue statement of a material fact contained in the Trust Registration Statement, any Prospectus for Series or Classes or sales literature or other promotional material of the Trust (or any amendment or supplement to any of the foregoing), or the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made, if such statement or omission was made in reliance upon and in conformity with information furnished to the Trust or Distributor in writing by or on behalf of the Company; or
- (c) arise out of or are based upon any wrongful conduct of, or violation of federal or state law by, the Company or persons under its control or subject to its authorization, including without limitation, any broker-dealers or agents authorized to sell the Contracts, with respect to the sale, marketing or distribution of the Contracts or Trust shares, including, without limitation, any impermissible use of broker-only material, unsuitable or improper sales of the Contracts or unauthorized representations about the Contracts or the Trust; or
- (d) arise as a result of any failure by the Company or persons under its control (or subject to its authorization) to provide services, furnish materials or make payments as required under this Agreement; or
- (e) arise out of any material breach by the Company or persons under its control (or subject to its authorization) of this Agreement; or
- (f) arise out of any breach of any warranties contained in Article III hereof, any failure to transmit a request for redemption or purchase of Trust shares or payment therefor on a timely basis in accordance with the procedures set forth in Article II, or any unauthorized use of the names, trade names or trademark of the Trust or the Distributor.

This indemnification is in addition to any liability that the Company may otherwise have; provided, however, that no party shall be entitled to indemnification if such loss, claim, damage or liability is caused by the willful misfeasance, bad faith, gross negligence or reckless disregard of duty by the party seeking indemnification.

9.2. Indemnification by the Trust. The Trust hereby agrees to, and shall, indemnify and hold harmless the Company and each person who controls or is affiliated with the Company within the meaning of such terms under the 1933 Act or 1940 Act and any officer, director, employee or agent of the foregoing, against any and all losses, claims, damages or liabilities, joint or several (including any investigative, legal and other expenses reasonably incurred in connection with, and any amounts paid in settlement of, any action, suit or proceeding or any claim asserted), to which they or any of them may become subject under any statute or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities:

- (a) arise out of or are based upon any untrue statement of any material fact contained in the Trust Registration Statement, any Prospectus for Series or Classes or sales literature or other promotional material of the Trust (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made; provided that this obligation to indemnify shall not apply if such statement or omission was made in reliance upon and in conformity with information furnished in writing by the Company to the Trust or the Distributor for use in the Trust Registration Statement, Trust Prospectus or sales literature or promotional material for the Trust (or any amendment or supplement to any of the foregoing) or otherwise for use in connection with the sale of the Contracts or Trust shares; or
- (b) arise out of any untrue statement of a material fact contained in the Contracts Registration Statement, Contracts Prospectus or sales literature or other promotional material for the Contracts (or any amendment or supplement to any of the foregoing), or the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made, if such statement or omission was made in reliance upon information furnished in writing by the Trust to the Company; or
- (c) arise out of or are based upon wrongful conduct of the Trust or its Trustees or officers with respect to the sale of Trust shares; or
- (d) arise as a result of any failure by the Trust to provide services, furnish materials or make payments as required under the terms of this Agreement; or
- (e) arise out of any material breach by the Trust of this Agreement (including any breach - whether or not material - of Section 6.1 of this Agreement and any warranties contained in Article III hereof);

it being understood that in no way shall the Trust be liable to the Company with respect to any violation of insurance law, compliance with which is a responsibility of the Company under this Agreement or otherwise or as to which the Company failed to inform the Trust in accordance with Section 4.4 hereof. This indemnification is in addition to any liability that the Trust may otherwise have; provided, however, that no party shall be entitled to indemnification if such loss, claim, damage or liability is caused by the willful misfeasance, bad faith, gross negligence or reckless disregard of duty by the party seeking indemnification.

9.3. Indemnification by the Distributor. The Distributor hereby agrees to, and shall, indemnify and hold harmless the Company and each person who controls or is affiliated with the Company within the meaning of such terms under the 1933 Act or 1940 Act and any officer, director, employee or agent of the foregoing, against any and all losses, claims, damages or liabilities, joint or several (including any investigative, legal and other expenses reasonably incurred in connection with, and any amounts paid in settlement of, any action, suit or proceeding or any claim asserted), to which they or any of them may become subject under any statute or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities:

- (a) arise out of or are based upon any untrue statement of any material fact contained in the Trust Registration Statement, any Prospectus for Series or Classes or sales literature or other promotional material of the Trust (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made; provided that this obligation to indemnify shall not apply if such statement or omission was made in reliance upon and in conformity with information furnished in writing by the Company to the Trust or Distributor for use in the Trust Registration Statement, Trust Prospectus or sales literature or promotional material for the Trust (or any amendment or supplement to any of the foregoing) or otherwise for use in connection with the sale of the Contracts or Trust shares; or
- (b) arise out of any untrue statement of a material fact contained in the Contracts Registration Statement, Contracts Prospectus or sales literature or other promotional material for the Contracts (or any amendment or supplement to any of the foregoing), or the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made, if such statement or omission was made in reliance upon information furnished in writing by the Distributor to the Company; or
- (c) arise out of or are based upon wrongful conduct of the Distributor or persons under its control with respect to the sale of Trust shares; or
- (d) arise as a result of any failure by the Distributor or persons under its control to provide services, furnish materials or make payments as required under the terms of this Agreement; or
- (e) arise out of any material breach by the Distributor or persons under its control of this Agreement (including any breach - whether or not material - of Section 6.1 of this Agreement and any warranties contained in Article III hereof);

it being understood that in no way shall the Distributor be liable to the Company with respect to any violation of insurance law, compliance with which is a responsibility of the Company under this Agreement or otherwise or as to which the Company failed to inform the Distributor in accordance with Section 4.4

hereof. This indemnification is in addition to any liability that the Distributor may otherwise have; provided, however, that no party shall be entitled to indemnification if such loss, claim, damage or liability is caused by the willful misfeasance, bad faith, gross negligence or reckless disregard of duty by the party seeking indemnification.

18

9.4. Rule of Construction. It is the parties' intention that, in the event of an occurrence for which the Trust has agreed to indemnify the Company, the Company shall seek indemnification from the Trust only in circumstances in which the Trust is entitled to seek indemnification from a third party with respect to the same event or cause thereof.

9.5. Indemnification Procedures. After receipt by a party entitled to indemnification ("indemnified party") under this Article IX of notice of the commencement of any action, if a claim in respect thereof is to be made by the indemnified party against any person obligated to provide indemnification under this Article IX ("indemnifying party"), such indemnified party will notify the indemnifying party in writing of the commencement thereof as soon as practicable thereafter, provided that the omission to so notify the indemnifying party will not relieve it from any liability under this Article IX, except to the extent that the omission results in a failure of actual notice to the indemnifying party and such indemnifying party is damaged solely as a result of the failure to give such notice. The indemnifying party, upon the request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the reasonable fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment.

A successor by law of the parties to this Agreement shall be entitled to the benefits of the indemnification contained in this Article IX. The indemnification provisions contained in this Article IX shall survive any termination of this Agreement.

ARTICLE X

Relationship of the Parties; Termination

10.1. Relationship of Parties. The Company is to be an independent contractor vis-a-vis the Trust, the Distributor, or any of their affiliates for all purposes hereunder and will have no authority to act for or represent any of them (except to the limited extent the Company acts as agent of the Trust pursuant to Section 2.3(a) of this Agreement). In addition, no officer or employee of the Company will be deemed to be an employee or agent of the Trust, Distributor, or any of their affiliates. The Company will not act as an "underwriter" or "distributor" of the Trust, as those terms variously are used in the 1940 Act, the 1933 Act, and rules and regulations promulgated thereunder.

10.2. Non-Exclusivity and Non-Interference. The parties hereto acknowledge that the arrangement contemplated by this Agreement is not exclusive; the Trust shares may be sold to other insurance companies and investors (subject to Section 2.8 hereof) and the cash value of the Contracts may be invested in other investment companies, provided, however, that until this Agreement is terminated pursuant to this Article X:

19

- (a) the Company shall not, without prior notice to the Distributor (unless otherwise required by applicable law), take any action to operate the Account as a management investment company under the 1940 Act;
- (b) the Company shall not, without the prior written consent of the Distributor (unless otherwise required by applicable law), solicit, induce or encourage Contract Owners to change or modify the Trust to change the Trust's distributor or investment adviser, to transfer or withdraw Contract Values allocated to a Fund, or to exchange their Contracts for contracts not allowing for investment in the Trust; and
- (c) the Company shall not substitute another investment company for one or more Funds without providing written notice to the Distributor at least 30 days in advance of effecting any such substitution.

10.3. Termination of Agreement. This Agreement shall not terminate until (i) the Trust is dissolved, liquidated, or merged into another entity, (ii) either party, with one hundred eighty (180) days' advance written notice to the other parties, terminates it for any reason, or (iii) as to any Fund that has been made available hereunder, the Account no longer invests in that Fund and the Company has confirmed in writing to the Distributor, if so requested by the Distributor, that it no longer intends to invest in such Fund. However, certain obligations of, or restrictions on, the parties to this Agreement may terminate as provided in Sections 10.4 through 10.6 and the Company may be required to redeem Trust shares pursuant to Section 10.7 or in the circumstances contemplated by Article VIII. Article IX and Sections 5.7, 10.8 and 10.9 shall survive any termination of this Agreement.

10.4. Termination of Offering of Trust Shares. The obligation of the Trust and the Distributor to make Trust shares available to the Company for purchase pursuant to Article II of this Agreement shall terminate at the option of the Distributor upon written notice to the Company as provided below:

- (a) upon institution of formal proceedings against the Company, or the Distributor's reasonable determination that institution of such proceedings is being considered by the NASD, the SEC, the insurance commission of any state or any other regulatory body regarding the Company's duties under this Agreement or related to the sale of the Contracts, the operation of the Account, the administration of the Contracts or the purchase of Trust shares, or an expected or anticipated ruling, judgment or outcome which would, in the Distributor's reasonable judgment exercised in good faith, materially impair the Company's or Trust's ability to meet and perform the Company's or Trust's obligations and duties hereunder, such termination effective upon 15 days prior written notice;
- (b) in the event any of the Contracts are not registered, issued or

sold in accordance with applicable federal and/or state law, such termination effective immediately upon receipt of written notice;

- (c) if the Distributor shall determine, in its sole judgment exercised in good faith, that either (1) the Company shall have suffered a material adverse change in its business or financial condition or (2) the Company shall have been the subject of material adverse publicity which is likely to have a material adverse impact upon

20

the business and operations of either the Trust or the Distributor, such termination effective upon 30 days prior written notice;

- (d) if the Distributor suspends or terminates the offering of Trust shares of any Series or Class to all Participating Investors or only designated Participating Investors, if such action is required by law or by regulatory authorities having jurisdiction or if, in the sole discretion of the Distributor acting in good faith, suspension or termination is necessary in the best interests of the shareholders of any Series or Class (it being understood that "shareholders" for this purpose shall mean Product Owners), such notice effective immediately upon receipt of written notice, it being understood that a lack of Participating Investor interest in a Series or Class may be grounds for a suspension or termination as to such Series or Class and that a suspension or termination shall apply only to the specified Series or Class;
- (e) upon the Company's assignment of this Agreement (including, without limitation, any transfer of the Contracts or the Account to another insurance company pursuant to an assumption reinsurance agreement) unless the Trust consents thereto, such termination effective upon 30 days prior written notice;
- (f) if the Company is in material breach of any provision of this Agreement, which breach has not been cured to the satisfaction of the Trust within 10 days after written notice of such breach has been delivered to the Company, such termination effective upon expiration of such 10-day period; or
- (g) upon the determination of the Trusts Board to dissolve, liquidate or merge the Trust as contemplated by Section 10.3(i), upon termination of the Agreement pursuant to Section 10.3(ii), or upon notice from the Company pursuant to Section 10.5 or 10.6, such termination pursuant hereto to be effective upon 15 days prior written notice.

Except in the case of an option exercised under clause (b), (d) or (g), the obligations shall terminate only as to new Contracts and the Distributor shall continue to make Trust shares available to the extent necessary to permit owners of Contracts in effect on the effective date of such termination (hereinafter referred to as "Existing Contracts") to reallocate investments in the Trust, redeem investments in the Trust and/or invest in the Trust upon the making of additional purchase payments under the Existing Contracts.

10.5. Termination of Investment in a Fund. The Company may elect to

cease investing in a Fund, promoting a Fund as an investment option under the Contracts, or withdraw its investment or the Account's investment in a Fund, subject to compliance with applicable law, upon written notice to the Trust within 15 days of the occurrence of any of the following events (unless provided otherwise below):

- (a) if the Trust informs the Company pursuant to Section 4.4 that it will not cause such Fund to comply with investment restrictions as requested by the Company and the Trust and the Company are unable to agree upon any reasonable alternative accommodations;
- (b) if shares in such Fund are not reasonably available to meet the requirements of the Contracts as determined by the Company (including any non-availability as a result of notice given by the Distributor pursuant to Section 10.4(d)), and the

21

Distributor, after receiving written notice from the Company of such non-availability, fails to make available, within 10 days after receipt of such notice, a sufficient number of shares in such Fund or an alternate Fund to meet the requirements of the Contracts;

- (c) if such Fund fails to meet the diversification requirements specified in Section 817(h) of the Code and any regulations thereunder and the Trust, upon written request, fails to provide reasonable assurance that it will take action to cure or correct such failure; or
- (d) if such Fund ceases to qualify as a regulated investment company under Subchapter M of the Code, as defined therein, or any successor or similar provision, or if the Company reasonably believes that the Fund may fail to so qualify, and the Trust, upon written request, fails to provide reasonable assurance that it will take action to cure or correct such failure within 30 days; or

Such termination shall apply only as to the affected Fund and shall not apply to any other Fund in which the Company or the Account invests.

10.6. Termination of Investment by the Company. The Company may elect to cease investing in all Series or Classes of the Trust made available hereunder, promoting the Trust as an investment option under the Contracts, or withdraw its investment or the Account's investment in the Trust, subject to compliance with applicable law, upon written notice to the Trust within 15 days of the occurrence of any of the following events (unless provided otherwise below):

- (a) upon institution of formal proceedings against the Trust or the Distributor (but only with regard to the Trust) by the NASD, the SEC or any state securities or insurance commission or any other regulatory body; or
- (b) if the Trust or Distributor is in material breach of a provision of this Agreement, which breach has not been cured to the satisfaction of the Company within 10 days after written notice of such breach has been delivered to the Trust or the Distributor, as the case may be.

10.7. Company Required to Redeem. The parties understand and acknowledge that it is essential for compliance with Section 817(h) of the Code that the Contracts qualify as annuity contracts, life insurance policies, or modified endowment contracts, as applicable, under the Code. Accordingly, if any of the Contracts cease to qualify as annuity contracts, life insurance policies, or modified endowment contracts, as applicable, under the Code, or if the Trust reasonably believes that any such Contracts may fail to so qualify, the Trust shall have the right to require the Company to redeem Trust shares attributable to such Contracts upon notice to the Company and the Company shall so redeem such Trust shares in order to ensure that the Trust complies with the provisions of Section 817(h) of the Code applicable to ownership of Trust shares. Notice to the Company shall specify the period of time the Company has to redeem the Trust shares or to make other arrangements satisfactory to the Trust and its counsel, such period of time to be determined with reference to the requirements of Section 817(h) of the Code. In addition, the Company may be required to redeem Trust shares pursuant to action taken or request made by the Trust Board in accordance with the Exemptive Order described in Article VIII or any conditions or undertakings set forth or referenced therein, or other SEC rule, regulation or order that may be adopted after the date hereof. The Company agrees to redeem shares in the circumstances described herein and to comply with applicable terms and provisions.

22

Also, in the event that the Distributor suspends or terminates the offering of a Series or Class pursuant to Section 10.4(c) of this Agreement, the Company, upon request by the Distributor, will cooperate in taking appropriate action to withdraw the Account's investment in the respective Fund.

10.8. Confidentiality. The Company will keep confidential any information acquired as a result of this Agreement regarding the business and affairs of the Trust, the Distributor, and their affiliates.

ARTICLE XI

Applicability to New Accounts and New Contracts

The parties to this Agreement may amend the schedules to this Agreement from time to time to reflect, as appropriate, changes in or relating to the Contracts, any Series or Class, additions of new classes of Contracts to be issued by the Company and separate accounts therefor investing in the Trust. Such amendments may be made effective by executing the form of amendment included on each schedule attached hereto. The provisions of this Agreement shall be equally applicable to each such class of Contracts, Series, Class or separate account, as applicable, effective as of the date of amendment of such Schedule, unless the context otherwise requires. The parties to this Agreement may amend this Agreement from time to time by written agreement signed by all of the parties.

ARTICLE XII

Notice, Request or Consent

Any notice, request or consent to be provided pursuant to this Agreement is to be made in writing and shall be given:

If to the Trust:

Douglas C. Grip
President
Goldman Sachs Variable Insurance Trust
One New York Plaza
New York, NY 10004

If to the Distributor:
Douglas C. Grip
Vice President
Goldman Sachs & Co.
One New York Plaza
New York, NY 10004

If to the Company:
Kenneth Walma
AIG Life Life Insurance Company
One ALICO Plaza
Wilmington, DE 19801

or at such other address as such party may from time to time specify in writing to the other party. Each such notice, request or consent to a party shall be sent by registered or certified United States mail with return receipt requested or by overnight delivery with a nationally recognized

23

courier, and shall be effective upon receipt. Notices pursuant to the provisions of Article II may be sent by facsimile to the person designated in writing for such notices.

ARTICLE XIII
Miscellaneous

13.1. Interpretation. This Agreement shall be construed and the provisions hereof interpreted under and in accordance with the laws of the state of Delaware, without giving effect to the principles of conflicts of laws, subject to the following rules:

- (a) This Agreement shall be subject to the provisions of the 1933 Act, 1940 Act and Securities Exchange Act of 1934, as amended, and the rules, regulations and rulings thereunder, including such exemptions from those statutes, rules, and regulations as the SEC may grant, and the terms hereof shall be limited, interpreted and construed in accordance therewith.
- (b) The captions in this Agreement are included for convenience of reference only and in no way define or delineate any of the provisions hereof or otherwise affect their construction or effect.
- (c) If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Agreement shall not be affected thereby.
- (d) The rights, remedies and obligations contained in this Agreement are cumulative and are in addition to any and all rights, remedies and obligations, at law or in equity, which the parties hereto are entitled to under state and federal laws.

13.2. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which together shall constitute one and the same instrument.

13.3. No Assignment. Neither this Agreement nor any of the rights and obligations hereunder may be assigned by the Company, the Distributor or the

Trust without the prior written consent of the other parties.

13.4. Declaration of Trust. A copy of the Declaration of Trust of the Trust is on file with the Secretary of State of the State of Delaware, and notice is hereby given that this instrument is executed on behalf of the Trustees of the Trust as trustees, and is not binding upon any of the Trustees, officers or shareholders of the Trust individually, but binding only upon the assets and property of the Trust. No Series of the Trust shall be liable for the obligations of any other Series of the Trust.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed in its name and behalf by its duly authorized officer on the date specified below.

GOLDMAN SACHS VARIABLE INSURANCE TRUST
(Trust)

Date: _____

By: _____

Name:
Title:

GOLDMAN, SACHS & CO.
(Distributor)

Date: _____

By: _____

Name:
Title:

AIG LIFE INSURANCE COMPANY
(Company)

Date: _____

By: _____

Name:
Title:

Schedule 1

Accounts of the Company
Investing in the Trust

Effective as of the date the Agreement was executed, the following separate accounts of the Company are subject to the Agreement:

<TABLE>
<CAPTION>

Name of Account and	Date Established by	SEC 1940 Act	Type of Products
	Board of Directors of		

Subaccounts	the Company	Registration Number	Supported by Account
<S> Separate Account II	<C> June 5, 1986	<C> 333-34199	<C> Reg. Group Variable Universal Life Product

</TABLE>

[Form of Amendment to Schedule 1]

Effective as of _____, the following separate accounts of the Company are hereby added to this Schedule 1 and made subject to the Agreement:

<TABLE>
<CAPTION>

Name of Account and Subaccounts	Date Established by Board of Directors of the Company	SEC 1940 Act Registration Number	Type of Products Supported by Account
<S>	<C>	<C>	<C>

</TABLE>

IN WITNESS WHEREOF, the Trust, the Distributor and the Company hereby amend this Schedule 1 in accordance with Article XI of the Agreement.

Goldman Sachs Variable Insurance Trust

AIG Life Insurance Company

Goldman, Sachs & Co.

Schedule 2

Classes of Contracts
Supported by Separate Accounts
Listed on Schedule 1

Effective as of the date the Agreement was executed, the following classes of Contracts are subject to the Agreement:

<TABLE>
<CAPTION>

Policy Marketing Name	SEC 1933 Act Registration Number	Contract Form Number	Annuity or Life
<S> Separate Account II	<C> 333-34199	<C>	<C> Life

</TABLE>

[Form of Amendment to Schedule 2]

Effective as of _____, the following classes of Contracts are hereby added to this Schedule 2 and made subject to the Agreement:

<TABLE>
<CAPTION>

Policy Marketing Name	SEC 1933 Act Registration Number	Name of Supporting Account	Annuity or Life
<S>	<C>	<C>	<C>

</TABLE>

IN WITNESS WHEREOF, the Trust, the Distributor and the Company hereby amend this Schedule 2 in accordance with Article XI of the Agreement.

----- Goldman Sachs Variable Insurance Trust	----- AIG Life Insurance Company
----- Goldman, Sachs & Co.	

Schedule 3
Trust Classes and Series
Available Under

Each Class of Contracts

Effective as of the date the Agreement was executed, the following Trust Classes and Series are available under the Contracts:

Contracts Marketing Name	Trust Classes and Series
AIG Life Separate Account II	CORE Large Cap Growth Fund CORE Small Cap Equity Fund CORE US Equity Fund Global Income Fund Growth & Income Fund International Equity Fund Capital Growth Fund Mid Cap Equity Fund

[Form of Amendment to Schedule 3]

Effective as of _____, this Schedule 3 is hereby amended to reflect the following changes in Trust Classes and Series:

Contracts Marketing Name	Trust Classes and Series
--------------------------	--------------------------

IN WITNESS WHEREOF, the Trust, the Distributor and the Company hereby amend this Schedule 3 in accordance with Article XI of the Agreement.

Goldman Sachs Variable Insurance Trust

AIG Life Insurance Company

Goldman, Sachs & Co.

Schedule 4

Investment Restrictions
Applicable to the Trust

Effective as of the date the Agreement was executed, the following investment restrictions are applicable to the Trust:

[Form of Amendment to Schedule 4]

Effective as of _____, this Schedule 4 is hereby amended to reflect the following changes:

IN WITNESS WHEREOF, the Trust, the Distributor and the Company hereby amend this Schedule 4 in accordance with Article XI of the Agreement.

Goldman Sachs Variable Insurance Trust

AIG Life Insurance Company

Goldman, Sachs & Co.

Amendment No. 1 to Participation Agreement
Between
J.P. Morgan Series Trust II
And
AIG Life Insurance Company

The participation agreement, dated as of October 27, 1997 by and between J.P. Morgan Series Trust II and AIG Life Insurance Company (the "Agreement") is hereby amended as follows:

1. Schedule I of this Agreement is hereby deleted in its entirety and replaced with Schedule I attached hereto.
2. Schedule II of this Agreement is hereby deleted in its entirety and replaced with Schedule II attached hereto.

All other terms and provisions of the Agreement not amended herein shall remain in full force and effect.

Effective Date as of June 16, 2003.

J.P. Morgan Series Trust II

By: _____
Name: _____
Title: _____

AIG Life Insurance Company

By: _____
Name: _____
Title: _____

SCHEDULE I

Name of Series

J.P. Morgan Small Company Portfolio

J.P. Morgan Mid Cap Value Portfolio
J.P. Morgan Bond Portfolio
J.P. Morgan U.S. Large Cap Core Equity Portfolio
J.P. Morgan International Opportunities Portfolio

SCHEDULE II

Name of Separate Account

AIG Life Insurance Company - Separate Account II

FUND PARTICIPATION AGREEMENT

THIS AGREEMENT made as of the ___ day of _____, 1996 by and between NEUBERGER & BERMAN ADVISERS MANAGEMENT TRUST ("TRUST"), a Delaware business trust, ADVISERS MANAGERS TRUST ("Managers Trust"), a New York common law trust, NEUBERGER & BERMAN MANAGEMENT INCORPORATED ("N&B MANAGEMENT"), a New York corporation, and AIG Life Insurance Company ("LIFE COMPANY"), a life insurance company organized under the laws of the State of Delaware.

WHEREAS, TRUST and MANAGERS TRUST are registered with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940, as amended ("40 Act") as open-end, diversified management investment companies; and

WHEREAS, TRUST is organized as a series fund comprised of several portfolios ("Portfolios"), the currently available of which are listed on Appendix A hereto; and

WHEREAS, MANAGERS TRUST is organized as a series fund, comprised of several portfolios ("Series"), the currently operational of which are listed on Appendix A hereto; and

WHEREAS, each Portfolio of TRUST will invest all of its net investable assets in a corresponding Series of MANAGERS TRUST; and

WHEREAS, TRUST was organized to act as the funding vehicle for certain variable life insurance and/or variable annuity contracts ("Variable Contracts") offered by life insurance companies through separate accounts of such life insurance companies ("Participating Insurance Companies") and also offers its shares to certain qualified pension and retirement plans; and

WHEREAS, TRUST has received an order from the SEC, dated May 5, 1995 (File No. 812-9164), granting Participating Insurance Companies and their separate accounts exemptions from the provisions of Sections 9(a), 13(a), 15(a) and 15(b) of the '40 Act, and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) thereunder, to the extent necessary to permit shares of the Portfolios of the TRUST to be sold to and held by variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies and certain qualified pension and retirement plans (the "Order"); and

WHEREAS, LIFE COMPANY has established or will establish one or more separate accounts ("Separate Accounts") to offer Variable Contracts and is desirous of having TRUST as one of the underlying funding vehicles for such Variable Contracts; and

WHEREAS, N&B MANAGEMENT is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 and as a broker-dealer under

WHEREAS, N&B MANAGEMENT is the administrator and distributor of the shares of each Portfolio of TRUST and investment manager of the corresponding Series of MANAGERS TRUST; and

WHEREAS, to the extent permitted by applicable insurance laws and regulations, LIFE COMPANY intends to purchase shares of TRUST to fund the aforementioned Variable Contracts and TRUST is authorized to sell such shares to LIFE COMPANY at net asset value;

NOW, THEREFORE, in consideration of their mutual promises, LIFE COMPANY, TRUST, MANAGERS TRUST and N&B MANAGEMENT agree as follows:

Article I. SALE OF TRUST SHARES

1.1 TRUST agrees to make available to the Separate Accounts of LIFE COMPANY shares of the selected Portfolios as listed on Appendix B for investment of purchase payments of Variable Contracts allocated to the designated Separate Accounts as provided in TRUST's Prospectus.

1.2 TRUST agrees to sell to LIFE COMPANY those shares of the selected Portfolios of TRUST which LIFE COMPANY orders, executing such orders on a daily basis at the net asset value next computed after receipt by TRUST or its designee of the order for the shares of TRUST. For purposes of this Section 1.2, LIFE COMPANY shall be the designee of TRUST for receipt of such orders from LIFE COMPANY and receipt by such designee shall constitute receipt by TRUST; provided that TRUST receives notice of such order by 9:30 a.m. New York time on the next following Business Day. "Business Day" shall mean any day on which the New York Stock Exchange is open for trading and on which TRUST calculates its net asset value pursuant to the rules of the SEC.

1.3 TRUST agrees to redeem for cash, on LIFE COMPANY's request, any full or fractional shares of TRUST held by LIFE COMPANY, executing such requests on a daily basis at the net asset value next computed after receipt by TRUST or its designee of the request for redemption. For purposes of this Section 1.3, LIFE COMPANY shall be the designee of TRUST for receipt of requests for redemption from LIFE COMPANY and receipt by such designee shall constitute receipt by TRUST; provided that TRUST receives notice of such request for redemption by 9:30 a.m. New York time on the next following Business Day.

1.4 TRUST shall furnish, on or before the ex-dividend date, notice to LIFE COMPANY of any income dividends or capital gain distributions payable on the shares of any Portfolio of TRUST. LIFE COMPANY hereby elects to receive all such income dividends and capital gain distributions as are payable on a Portfolio's shares in additional shares of the Portfolio. TRUST shall notify LIFE COMPANY of the number of shares so issued as payment of such dividends and

distributions.

1.5 TRUST shall make the net asset value per share for the selected Portfolio(s) available to LIFE COMPANY on a daily basis as soon as reasonably practicable after the net asset value per share is calculated but shall use its best efforts to make such net asset value available by 6:30 p.m. New York time. If TRUST provides LIFE COMPANY with materially incorrect share

2

net asset value information through no fault of LIFE COMPANY, LIFE COMPANY on behalf of the Separate Accounts, shall be entitled to an adjustment to the number of shares purchased or redeemed to reflect the correct share net asset value. Any material error in the calculation of net asset value per share, dividend or capital gain information shall be reported promptly upon discovery to LIFE COMPANY.

1.6 At the end of each Business Day, LIFE COMPANY shall use the information described in Section 1.5 to calculate Separate Account unit values for the day. Using these unit values, LIFE COMPANY shall process each such Business Day's Separate Account transactions based on requests and premiums received by it by the close of trading on the floor of the New York Stock Exchange (currently 4:00 p.m. New York time) to determine the net dollar amount of TRUST shares which shall be purchased or redeemed at that day's closing net asset value per share. The net purchase or redemption orders so determined shall be transmitted to TRUST by LIFE COMPANY by 9:30 a.m. New York Time on the Business Day next following LIFE COMPANY's receipt of such requests and premiums in accordance with the terms of Sections 1.2 and 1.3 hereof.

1.7 If LIFE COMPANY's order requests the purchase of TRUST shares, LIFE COMPANY shall pay for such purchase by wiring federal funds to TRUST or its designated custodial account on the day the order is transmitted by LIFE COMPANY. If LIFE COMPANY's order requests a net redemption resulting in a payment of redemption proceeds to LIFE COMPANY, TRUST shall wire the redemption proceeds to LIFE COMPANY by the next Business Day, unless doing so would require TRUST to dispose of portfolio securities or otherwise incur additional costs, but in such event, proceeds shall be wired to LIFE COMPANY within three days and TRUST shall notify the person designated in writing by LIFE COMPANY as the recipient for such notice of such delay by 3:00 p.m. New York Time the same Business Day that LIFE COMPANY transmits the redemption order to TRUST. If LIFE COMPANY's order requests the application of redemption proceeds from the redemption of shares to the purchase of shares of another fund administered or distributed by N&B MANAGEMENT, TRUST shall so apply such proceeds the same Business Day that LIFE COMPANY transmits such order to TRUST.

1.8 TRUST agrees that all shares of the Portfolios of TRUST will be sold only to Participating Insurance Companies which have agreed to participate in TRUST to fund their Separate Accounts and/or to certain qualified pension and other retirement plans, all in accordance with the requirements of Section

817(h) of the Internal Revenue Code of 1986, as amended ("Code") and Treasury Regulation 1.817-5. Shares of the Portfolios of TRUST will not be sold directly to the general public.

1.9 TRUST may refuse to sell shares of any Portfolio to any person, or suspend or terminate the offering of the shares of any Portfolio if such action is required by law or by regulatory authorities having jurisdiction or is, in the sole discretion of the Board of Trustees of TRUST, acting in good faith and in light of its fiduciary duties under federal and any applicable state laws, deemed necessary and in the best interests of the shareholders of such Portfolios.

Article II. REPRESENTATIONS AND WARRANTIES

2.1 LIFE COMPANY represents and warrants that it is an insurance company duly organized and in good standing under the laws of Delaware and that it has legally and validly established each Separate Account as a segregated asset account under such laws, and that AIG Equity Sales, Inc., the principal underwriter for the Contracts, is registered as a broker-dealer under the Securities Exchange Act of 1934.

2.2 LIFE COMPANY represents and warrants that it has registered or, prior to any issuance or sale of the Variable Contracts, will register each Separate Account as a unit investment trust ("UIT") in accordance with the provisions of the '40 Act and cause each Separate Account to remain so registered to serve as a segregated asset account for the Variable Contracts, unless an exemption from registration is available.

2.3 LIFE COMPANY represents and warrants that the Variable Contracts will be registered under the Securities Act of 1933 (the "33 Act") unless an exemption from registration is available prior to any issuance or sale of the Variable Contracts and that the Variable Contracts will be issued and sold in compliance in all material respects with all applicable federal and state laws and further that the sale of the Variable Contracts shall comply in all material respects with state insurance law suitability requirements.

2.4 LIFE COMPANY represents and warrants that the Variable Contracts are currently and at the time of issuance will be treated as life insurance, endowment or annuity contracts under applicable provisions of the Code, that it will maintain such treatment and that it will notify TRUST immediately upon having a reasonable basis for believing that the Variable Contracts have ceased to be so treated or that they might not be so treated in the future.

2.5 TRUST represents and warrants that the Portfolio shares offered and sold pursuant to this Agreement will be registered under the '33 Act and sold in accordance with all applicable federal and state laws, and TRUST shall be registered under the '40 Act prior to and at the time of any issuance or sale of

such shares. TRUST shall amend its registration statement under the '33 Act and the '40 Act from time to time as required in order to effect the continuous offering of its shares. TRUST shall register and qualify its shares for sale in accordance with the laws of the various states only if and to the extent deemed advisable by TRUST.

2.6 TRUST represents and warrants that each Portfolio will comply with the diversification requirements set forth in Section 817(h) of the Code, and the rules and regulations thereunder, including without limitation Treasury Regulation 1.817-5, and will notify LIFE COMPANY immediately upon having a reasonable basis for believing any Portfolio has ceased to comply or might not so comply and will immediately take all reasonable steps to adequately diversify the Portfolio to achieve compliance within the grace period afforded by Regulation 1.817-5.

2.7 TRUST represents and warrants that each Portfolio invested in by the Separate Account is currently qualified as a "regulated investment company" under Subchapter M of the Code, that it will make every effort to maintain such qualification and will notify LIFE

4

COMPANY immediately upon having a reasonable basis for believing it has ceased to so qualify or might not so qualify in the future.

Article III. PROSPECTUS AND PROXY STATEMENTS

3.1 TRUST shall prepare and be responsible for filing with the SEC and any state regulators requiring such filing all shareholder reports, notices, proxy materials (or similar materials such as voting instruction solicitation materials), prospectuses and statements of additional information of TRUST. TRUST shall bear the costs of registration and qualification of shares of the Portfolios, preparation and filing of the documents listed in this Section 3.1 and all taxes to which an issuer is subject on the issuance and transfer of its shares.

3.2 TRUST will bear the printing costs (or duplicating costs with respect to the statement of additional information) and mailing costs associated with the delivery of the following TRUST (or individual Portfolio) documents, and any supplements thereto, to existing Variable Contract owners of LIFE COMPANY:

- (i) prospectuses and statements of additional information;
- (ii) annual and semi-annual reports; and
- (iii) proxy materials.

LIFE COMPANY will submit any bills for printing, duplicating and/or

mailing costs, relating to the TRUST documents described above, to TRUST for reimbursement by TRUST. LIFE COMPANY shall monitor such costs and shall use its best efforts to control these costs. LIFE COMPANY will provide TRUST on a semi-annual basis, or more frequently as reasonably requested by TRUST, with a current tabulation of the number of existing Variable Contract owners of LIFE COMPANY whose Variable Contract values are invested in TRUST. This tabulation will be sent to TRUST in the form of a letter signed by a duly authorized officer of LIFE COMPANY attesting to the accuracy of the information contained in the letter. If requested by LIFE COMPANY, the TRUST shall provide such documentation (including a final copy of the TRUST's prospectus as set in type or in camera-ready copy) and other assistance as is reasonably necessary in order for LIFE COMPANY to print together in one document the current prospectus for the Variable Contracts issued by LIFE COMPANY and the current prospectus for the TRUST. Should LIFE COMPANY wish to print any of these documents in a format different from that provided by TRUST, LIFE COMPANY shall provide Trust with sixty (60) days' prior written notice and LIFE COMPANY shall bear the cost associated with any format change.

3.3 TRUST will provide, at its expense, LIFE COMPANY with the following TRUST (or individual Portfolio) documents, and any supplements thereto, with respect to prospective Variable Contract owners of LIFE COMPANY:

(i) camera ready copy of the current prospectus for printing by the LIFE COMPANY;

5

(ii) a copy of the statement of additional information suitable for duplication;

(iii) camera ready copy of proxy material suitable for printing; and

(iv) camera ready copy of the annual and semi-annual reports for printing by the LIFE COMPANY.

3.4 TRUST will provide LIFE COMPANY with at least one complete copy of all prospectuses, statements of additional information, annual and semi-annual reports, proxy statements, exemptive applications and all amendments or supplements to any of the above that relate to the Portfolios promptly after the filing of each such document with the SEC or other regulatory authority. LIFE COMPANY will provide TRUST with at least one complete copy of all prospectuses, statements of additional information, annual and semi-annual reports, proxy statements, exemptive applications and all amendments or supplements to any of the above that relate to a Separate Account promptly after the filing of each such document with the SEC or other regulatory authority.

Article IV. SALES MATERIALS

4.1 LIFE COMPANY will furnish, or will cause to be furnished, to TRUST

and N&B MANAGEMENT, each piece of sales literature or other promotional material in which TRUST, MANAGERS TRUST or N&B MANAGEMENT is named, at least fifteen (15) Business Days prior to its intended use. No such material will be used if TRUST, MANAGERS TRUST or N&B MANAGEMENT objects to its use in writing within ten (10) Business Days after receipt of such material.

4.2 TRUST and N&B MANAGEMENT will furnish, or will cause to be furnished, to LIFE COMPANY, each piece of sales literature or other promotional material in which LIFE COMPANY or its Separate Accounts are named, at least fifteen (15) Business Days prior to its intended use. No such material will be used if LIFE COMPANY objects to its use in writing within ten (10) Business Days after receipt of such material.

4.3 TRUST and its affiliates and agents shall not give any information or make any representations on behalf of LIFE COMPANY or concerning LIFE COMPANY, the Separate Accounts, or the Variable Contracts issued by LIFE COMPANY, other than the information or representations contained in a registration statement or prospectus for such Variable Contracts, as such registration statement and prospectus may be amended or supplemented from time to time, or in reports of the Separate Accounts or reports prepared for distribution to owners of such Variable Contracts, or in sales literature or other promotional material approved by LIFE COMPANY or its designee, except with the written permission of LIFE COMPANY.

4.4 LIFE COMPANY and its affiliates and agents shall not give any information or make any representations on behalf of TRUST or concerning TRUST other than the information or

6

representations contained in a registration statement or prospectus for TRUST, as such registration statement and prospectus may be amended or supplemented from time to time, or in sales literature or other promotional material approved by TRUST or its designee, except with the written permission of TRUST.

4.5 For purposes of this Agreement, the phrase "sales literature or other promotional material" or words of similar import include, without limitation, advertisements (such as material published, or designed for use, in a newspaper, magazine or other periodical, radio, television, telephone or tape recording, videotape display, signs or billboards, motion pictures or other public media), sales literature (such as any written communication distributed or made generally available to customers or the public, including brochures, circulars, research reports, market letters, form letters, seminar texts, or reprints or excerpts of any other advertisement, sales literature, or published article), educational or training materials or other communications distributed or made generally available to some or all agents or employees, registration statements, prospectuses, statements of additional information, shareholder reports and proxy materials, and any other material constituting sales literature or advertising under National Association of Securities Dealers, Inc.

rules, the '40 Act or the '33 Act.

Article V. POTENTIAL CONFLICTS

5.1 The Board of Trustees of TRUST and MANAGERS TRUST (the "Boards") will monitor TRUST and MANAGERS TRUST, respectively, (collectively the "Funds"), for the existence of any material irreconcilable conflict between the interests of the Variable Contract owners of Participating Insurance Company Separate Accounts investing in the Funds. A material irreconcilable conflict may arise for a variety of reasons, including: (a) state insurance regulatory authority action; (b) a change in applicable federal or state insurance, tax, or securities laws or regulations, or a public ruling, private letter ruling, or any similar action by insurance, tax, or securities regulatory authorities; c) an administrative or judicial decision in any relevant proceeding; (d) the manner in which the investments of the Funds are being managed; (e) a difference in voting instructions given by variable annuity and variable life insurance contract owners or by contract owners of different Participating Insurance Companies; or (f) a decision by a Participating Insurance Company to disregard voting instructions of Variable Contract owners.

5.2 LIFE COMPANY will report any potential or existing conflicts to the Boards. LIFE COMPANY will be responsible for assisting each appropriate Board in carrying out its responsibilities under the Conditions set forth in the notice issued by the SEC for the Funds on April 12, 1995 (the "Notice") (Investment Company Act Release No. 21003), which LIFE COMPANY has reviewed, by providing each appropriate Board with all information reasonably necessary for it to consider any issues raised. This responsibility includes, but is not limited to, an obligation by LIFE COMPANY to inform each appropriate Board whenever Variable Contract owner voting instructions are disregarded by LIFE COMPANY. These responsibilities will be carried out with a view only to the interests of the Variable Contract owners.

5.3 If a majority of the Board of a Fund or a majority of its disinterested trustees or directors, determines that a material irreconcilable conflict exists, affecting the LIFE COMPANY, LIFE COMPANY, at its expense and to the extent reasonably practicable (as

determined by a majority of disinterested trustees or directors), will take any steps necessary to remedy or eliminate the irreconcilable material conflict, including: (a) withdrawing the assets allocable to some or all of the Separate Accounts from the Funds or any series thereof and reinvesting those assets in a different investment medium, which may include another series of TRUST or MANAGERS TRUST, or another investment company or submitting the question as to whether such segregation should be implemented to a vote of all affected Variable Contract owners and, as appropriate, segregating the assets of any appropriate group (i.e., Variable Contract owners of one or more Participating Insurance Companies) that votes in favor of such segregation, or offering to the

affected Variable Contract owners the option of making such a change; and (b) establishing a new registered management investment company or managed separate account. If a material irreconcilable conflict arises because of LIFE COMPANY's decision to disregard Variable Contract owner voting instructions, and that decision represents a minority position or would preclude a majority vote, LIFE COMPANY may be required, at the election of the relevant Fund, to withdraw its Separate Account's investment in such Fund, and no charge or penalty will be imposed as a result of such withdrawal. The responsibility to take such remedial action shall be carried out with a view only to the interests of the Variable Contract owners.

For the purposes of this Section 5.3, a majority of the disinterested members of the applicable Board shall determine whether or not any proposed action adequately remedies any irreconcilable material conflict, but in no event will the relevant Fund or N&B MANAGEMENT (or any other investment adviser of the Funds) be required to establish a new funding medium for any Variable Contract. Further, LIFE COMPANY shall not be required by this Section 5.3 to establish a new funding medium for any Variable Contract if any offer to do so has been declined by a vote of a majority of Variable Contract owners materially affected by the irreconcilable material conflict.

5.4 Any Board's determination of the existence of an irreconcilable material conflict and its implications shall be made known promptly and in writing to LIFE COMPANY.

5.5 No less than annually, LIFE COMPANY shall submit to the Boards such reports, materials or data as such Boards may reasonably request so that the Boards may fully carry out the obligations imposed upon them by these Conditions. Such reports, materials, and data shall be submitted more frequently if deemed appropriate by the applicable Boards.

Article VI. VOTING

6.1 LIFE COMPANY will provide pass-through voting privileges to all Variable Contract owners so long as the SEC continues to interpret the '40 Act as requiring pass-through voting privileges for Variable Contract owners. This condition will apply to UIT-Separate Accounts investing in TRUST and to managed separate accounts investing in MANAGERS TRUST to the extent a vote is required with respect to matters relating to MANAGERS TRUST. Accordingly, LIFE COMPANY, where applicable, will vote shares of a Fund held in its Separate Accounts in a manner consistent with voting instructions timely received from its Variable Contract owners. LIFE COMPANY will be responsible for assuring that each of its Separate Accounts that participates in any Fund calculates voting privileges in a manner consistent with

other participants as defined in the Conditions set forth in the Notice ("Participants"). The obligation to calculate voting privileges in a manner

consistent with all other Separate Accounts investing in a Fund will be a contractual obligation of all Participants under the agreements governing participation in the Funds. Each Participant will vote shares for which it has not received timely voting instructions, as well as shares it owns, in the same proportion as its votes those shares for which it has received voting instructions.

6.2 If and to the extent Rule 6e-2 and Rule 6e-3(T) are amended, or Rule 6e-3 is adopted, to provide exemptive relief from any provision of the '40 Act or the rules thereunder with respect to mixed and shared funding on terms and conditions materially different from any exemptions granted in the Order, then TRUST, MANAGERS TRUST and/or the Participants, as appropriate, shall take such steps as may be necessary to comply with Rule 6e-2 and Rule 6e-3(T), as amended, and Rule 6e-3, as adopted, to the extent such Rules are applicable.

Article VII. INDEMNIFICATION

7.1 Indemnification by LIFE COMPANY. LIFE COMPANY agrees to indemnify and hold harmless TRUST, MANAGERS TRUST, N&B MANAGEMENT and each of their Trustees, directors, officers, employees and agents and each person, if any, who controls TRUST or MANAGERS TRUST or N&B MANAGEMENT within the meaning of Section 15 of the '33 Act (collectively, the "Indemnified Parties" for purposes of this Article VII) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of LIFE COMPANY, which consent shall not be unreasonably withheld) or litigation (including legal and other expenses), to which the Indemnified Parties may become subject under any statute, regulation, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements are related to the sale or acquisition of TRUST's shares or the Variable Contracts and:

- (a) arise out of or are based upon any untrue statements or alleged untrue statements of any material fact contained in the Registration Statement or prospectus for the Variable Contracts or contained in the Variable Contracts (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, provided that this agreement to indemnify shall not apply as to any Indemnified Party if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished to LIFE COMPANY by or on behalf of TRUST for use in the registration statement or prospectus for the Variable Contracts or in the Variable Contracts or sales literature (or any amendment or supplement) or otherwise for use in connection with the sale of the Variable Contracts or TRUST shares; or
- (b) arise out of or as a result of statements or representations (other than statements or representations contained in the

registration statement, prospectus or sales literature of TRUST not supplied by LIFE COMPANY, or persons under its control) or wrongful conduct of LIFE COMPANY or persons under its control,

9

with respect to the sale or distribution of the Variable Contracts or TRUST shares; or

- (c) arise out of any untrue statement or alleged untrue statement of a material fact contained in a registration statement, prospectus, or sales literature of TRUST or any amendment thereof or supplement thereto or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished to TRUST by or on behalf of LIFE COMPANY; or
- (d) arise as a result of any failure by LIFE COMPANY to substantially provide the services and furnish the materials under the terms of this Agreement; or
- (e) arise out of or result from any material breach of any representation and/or warranty made by LIFE COMPANY in this Agreement or arise out of or result from any other material breach of this Agreement by LIFE COMPANY.

7.2 LIFE COMPANY shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation incurred or assessed against an Indemnified Party as such may arise from such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations or duties under this Agreement or to TRUST, whichever is applicable.

7.3 LIFE COMPANY shall not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified LIFE COMPANY in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of such service on any designated agent), but failure to notify LIFE COMPANY of any such claim shall not relieve LIFE COMPANY from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than on account of this indemnification provision. In case any such action is brought against an Indemnified Party, LIFE COMPANY shall be entitled to participate at its own expense in the defense of such action. LIFE COMPANY also shall be

entitled to assume the defense thereof, with counsel satisfactory to the party named in the action. After notice from LIFE COMPANY to such party of LIFE COMPANY's election to assume the defense thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and LIFE COMPANY will not be liable to such party under this Agreement for any legal or other expenses subsequently incurred by such party independently in connection with the defense thereof other than reasonable costs of investigation.

7.4 Indemnification by N&B MANAGEMENT. N&B MANAGEMENT agrees to indemnify and hold harmless LIFE COMPANY and each of its directors, officers, employees, and agents and each person, if any, who controls LIFE COMPANY within the meaning of Section 15 of the '33 Act (collectively, the "Indemnified Parties" for the purposes of this

10

Article VII) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of N&B MANAGEMENT which consent shall not be unreasonably withheld) or litigation (including legal and other expenses) to which the Indemnified Parties may become subject under any statute, or regulation, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements are related to the sale or acquisition of TRUST's shares or the Variable Contracts and:

- (a) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement or prospectus or sales literature of TRUST (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, provided that this agreement to indemnify shall not apply as to any Indemnified Party if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished to N&B MANAGEMENT or TRUST by or on behalf of LIFE COMPANY for use in the registration statement or prospectus for TRUST or in sales literature (or any amendment or supplement) or otherwise for use in connection with the sale of the Variable contracts or TRUST shares; or
- (b) arise out of or as a result of statements or representations (other than statements or representations contained in the registration statement, prospectus or sales literature for the Variable Contracts not supplied by N&B MANAGEMENT or persons under its control) or wrongful conduct of TRUST or N&B MANAGEMENT or persons under their control, with respect to the sale or distribution of the Variable Contracts or TRUST shares;

or

- (c) arise out of any untrue statement or alleged untrue statement of a material fact contained in a registration statement, prospectus, or sales literature covering the Variable Contracts, or any amendment thereof or supplement thereto or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished to LIFE COMPANY for inclusion therein by or on behalf of TRUST; or
- (d) arise as a result of (i) a failure by TRUST to substantially provide the services and furnish the materials under the terms of this Agreement; or (ii) a failure by a Portfolio(s) invested in by the Separate Account to comply with the diversification requirements of Section 817(h) of the Code; or (iii) a failure by a Portfolio(s) invested in by the Separate Account to qualify as a "regulated investment company" under Subchapter M of the Code; or
- (e) arise out of or result from any material breach of any representation and/or warranty made by N&B MANAGEMENT in this Agreement or arise out of or

11

result from any other material breach of this Agreement by N&B MANAGEMENT.

7.5 N&B MANAGEMENT shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation to which an Indemnified Party would otherwise be subject by reason of such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations and duties under this Agreement or to LIFE COMPANY.

7.6 N&B MANAGEMENT shall not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified N&B MANAGEMENT in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of such service on any designated agent), but failure to notify N&B MANAGEMENT of any such claim shall not relieve N&B MANAGEMENT from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than on account of this indemnification provision. In case any such action is brought

against the Indemnified Parties, N&B MANAGEMENT shall be entitled to participate at its own expense in the defense thereof. N&B MANAGEMENT also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action. After notice from N&B MANAGEMENT to such party of N&B MANAGEMENT'S election to assume the defense thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and N&B MANAGEMENT will not be liable to such party under this Agreement for any legal or other expenses subsequently incurred by such party independently in connection with the defense thereof other than reasonable costs of investigation.

Article VIII. TERM: TERMINATION

8.1 This Agreement shall be effective as of the date hereof and shall continue in force until terminated in accordance with the provisions herein.

8.2 This Agreement shall terminate in accordance with the following provisions:

- (a) At the option of LIFE COMPANY or TRUST at any time from the date hereof upon 180 days' notice, unless a shorter time is agreed to by the parties;
- (b) At the option of LIFE COMPANY, if TRUST shares are not reasonably available to meet the requirements of the Variable Contracts as determined by LIFE COMPANY. Prompt notice of election to terminate shall be furnished by LIFE COMPANY, said termination to be effective ten days after receipt of notice unless TRUST makes available a sufficient number of shares to reasonably meet the requirements of the Variable Contracts within said ten-day period;
- (c) At the option of LIFE COMPANY, upon the institution of formal proceedings

12

against TRUST by the SEC, or any other regulatory body, the expected or anticipated ruling, judgment or outcome of which would, in LIFE COMPANY's reasonable judgment, materially impair TRUST's ability to meet and perform TRUST's obligations and duties hereunder. Prompt notice of election to terminate shall be furnished by LIFE COMPANY with said termination to be effective upon receipt of notice;

- (d) At the option of TRUST, upon the institution of formal proceedings against LIFE COMPANY by the SEC, the National Association of Securities Dealers, Inc., or any other regulatory body, the expected or anticipated ruling, judgment or outcome of which would, in TRUST's reasonable judgment, materially impair

LIFE COMPANY's ability to meet and perform its obligations and duties hereunder. Prompt notice of election to terminate shall be furnished by TRUST with said termination to be effective upon receipt of notice;

- (e) In the event TRUST's shares are not registered, issued or sold in accordance with applicable state or federal law, or such law precludes the use of such shares as the underlying investment medium of Variable Contracts issued or to be issued by LIFE COMPANY. Termination shall be effective upon such occurrence without notice;
- (f) At the option of TRUST if the Variable Contracts cease to qualify as annuity contracts or life insurance contracts, as applicable, under the Code, or if TRUST reasonably believes that the Variable Contracts may fail to so qualify. Termination shall be effective upon receipt of notice by LIFE COMPANY;
- (g) At the option of LIFE COMPANY, upon TRUST's breach of any material provision of this Agreement, which breach has not been cured to the satisfaction of LIFE COMPANY within ten days after written notice of such breach is delivered to TRUST;
- (h) At the option of TRUST, upon LIFE COMPANY's breach of any material provision of this Agreement, which breach has not been cured to the satisfaction of TRUST within ten days after written notice of such breach is delivered to LIFE COMPANY;
- (i) At the option of TRUST, if the Variable Contracts are not registered, issued or sold in accordance with applicable federal and/or state law. Termination shall be effective immediately upon such occurrence without notice;
- (j) In the event this Agreement is assigned without the prior written consent of LIFE COMPANY, TRUST, MANAGERS TRUST and N&B MANAGEMENT, termination shall be effective immediately upon such occurrence without notice.

8.3 Notwithstanding any termination of this Agreement pursuant to Section 8.2 hereof, LIFE COMPANY at its option may continue to purchase additional TRUST shares, as provided

below, pursuant to the terms and conditions of this Agreement, for all Variable Contracts in effect on the effective date of termination of this Agreement (hereinafter referred to as "Existing Contracts"). Under such circumstances, only the owners of the Existing Contracts or LIFE COMPANY, whichever shall have legal authority to do so, shall be permitted to reallocate investments in TRUST,

redeem investments in TRUST and/or invest in TRUST upon the payment of additional premiums under the Existing Contracts. Furthermore, the provisions of this Agreement shall remain in effect and thereafter either the TRUST or LIFE COMPANY may terminate the Agreement, as so continued pursuant to this Section 8.3, upon prior written notice to the other party, such notice to be for a period that is reasonable under the circumstances but, if given by the TRUST, shall not be effective prior to the LIFE COMPANY obtaining any necessary approval from the SEC and/or state insurance authorities to make substitutions for the shares held by the Separate Accounts. In such event, LIFE COMPANY shall make a reasonable good faith effort to obtain in a reasonable period of time such necessary approvals.

8.4 Except as necessary to implement Variable Contract owner initiated transactions, or as required by state insurance laws or regulations, LIFE COMPANY shall not redeem the shares attributable to the Variable Contracts (as opposed to the shares attributable to LIFE COMPANY's assets held in the Separate Accounts), and LIFE COMPANY shall not prevent Variable Contract owners from allocating payments to a Portfolio that was otherwise available under the Variable Contracts, until thirty (30) days after the LIFE COMPANY shall have notified TRUST of its intention to do so.

Article IX. NOTICES

Any notice hereunder shall be given by registered or certified mail return receipt requested to the other party at the address of such party set forth below or at such other address as such party may from time to time specify in writing to the other party.

If to TRUST, MANAGERS TRUST or N&B MANAGEMENT:

Neuberger & Berman Management Incorporated
605 Third Avenue
New York, NY 10158-0006
Attention: Ellen Metzger, General Counsel

If to LIFE COMPANY:

AIG Life Insurance Company
One ALICO Plaza
Wilmington, DE 19810
Attention: Variable Products

Notice shall be deemed given on the date of receipt by the addressee as evidenced by the return receipt.

Article X. MISCELLANEOUS

10.1 The captions in this Agreement are included for convenience of reference only and in no way define or delineate any of the provisions hereof or otherwise affect their construction or effect.

10.2 This Agreement may be executed simultaneously in two or more counterparts, each of which taken together shall constitute one and the same instrument.

10.3 If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Agreement shall not be affected thereby.

10.4 This Agreement shall be construed and the provisions hereof interpreted under and in accordance with the laws of the State of New York. It shall also be subject to the provisions of the federal securities laws and the rules and regulations thereunder and to any orders of the SEC granting exemptive relief therefrom and the conditions of such orders.

10.5 The parties agree that the assets and liabilities of each Series are separate and distinct from the assets and liabilities of each other Series. No Series shall be liable or shall be charged for any debt, obligation or liability of any other Series. No Trustee, officer or agent shall be personally liable for such debt, obligation or liability of any Series or Portfolio and no Portfolio or other investor, other than the Portfolio or other investors investing in the Series which incurs a debt, obligation or liability, shall be liable therefor.

10.6 Each party shall cooperate with each other party and all appropriate governmental authorities (including without limitation the SEC, the National Association of Securities Dealers, Inc. and state insurance regulators) and shall permit such authorities reasonable access to its books and records in connection with any investigation or inquiry relating to this Agreement or the transactions contemplated hereby.

10.7 The rights, remedies and obligations contained in this Agreement are cumulative and are in addition to any and all rights, remedies and obligations, at law or in equity, which the parties hereto are entitled to under state and federal laws.

10.8 No provision of this Agreement may be amended or modified in any manner except by a written agreement properly authorized and executed by TRUST, MANAGERS TRUST, N&B MANAGEMENT and the LIFE COMPANY.

IN WITNESS WHEREOF, the parties have caused their duly authorized officers to execute this Fund Participation Agreement as of the date and year first above written.

NEUBERGER & BERMAN
ADVISERS MANAGEMENT TRUST

By: _____

Name:
Title:

ADVISERS MANAGERS TRUST

By: _____

Name:
Title:

NEUBERGER & BERMAN
MANAGEMENT INCORPORATED

By: _____

Name:
Title:

AIG LIFE INSURANCE COMPANY

By: _____

Name:
Title:

Appendix A

Neuberger & Berman Advisers
Management Trust and its Series
(Portfolios)

Balanced Portfolio
Government Income Portfolio
Growth Portfolio
Limited Maturity Bond Portfolio
Liquid Asset Portfolio
Partners Portfolio

Corresponding Series of
Advisers Managers Trust (Series)

AMT Balanced Investments
AMT Government Income Investments
AMT Growth Investments
AMT Limited Maturity Bond Investments
AMT Liquid Asset Investments
AMT Partners Investments

Appendix B

Separate Accounts

Separate Account I
Separate Account II
Separate Account IV
Separate Account Five (5)

Selected Portfolios

Balanced Portfolio
Government Income Portfolio
Growth Portfolio
Limited Maturity Bond Portfolio
Liquid Asset Portfolio
Partners Portfolio

AMENDMENT TO THE
FUND PARTICIPATION AGREEMENT

This Amendment, dated as of _____, between AIG Life Insurance Company, a life insurance company organized under the laws of the State of Delaware (the "Company"), Neuberger Berman Advisers Management Trust, A Delaware business trust ("Trust"), and Neuberger Berman Management Inc., a New York corporation ("NBMI"), is made to the Fund Participation Agreement, dated as of February 5, 1996, as amended, among Company, Trust, Advisers Managers Trust ("Managers Trust") and NBMI (the "Agreement"). Terms defined in the Agreement are used herein as therein defined.

WHEREAS, effective May 1, 2000, Trust and Managers Trust completed a transaction to eliminate its master-feeder structure, in which Trust received the portfolio securities held by Managers Trust in redemption of the interests of Managers Trust held by the Trust (this transaction is referred to as the "In-Kind Redemption"); and

WHEREAS, prior to the In-Kind Redemption, the Trust, through the Portfolios, invested all of its net investable assets in corresponding series of Managers Trust in a "master-feeder" structure; and

WHEREAS, upon completion of the In-Kind Redemption, the Trust held and invested directly in its own portfolio of securities and Managers Trust ceased investment operations and was dissolved; and

WHEREAS, the parties wish to amend the Agreement to reflect the In-Kind Redemption and the elimination of the master-feeder structure; and

WHEREAS, the parties desire to amend Schedules A and B to the Agreement to add new Portfolios and Separate Accounts.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained, the parties agree as follows:

1. Company hereby consents to the In-Kind Redemption.
2. Effective on May 1, 2000, the Trust assumed all of the rights, obligations, and liabilities of Managers Trust under the Agreement.
3. Schedules A and B of the Agreement are hereby deleted and replaced with new Schedules A and B attached hereto.
4. Except as modified hereby, all other terms and conditions of the Agreement shall remain in full force and effect.

5. This Amendment, may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Amendment.

NEUBERGER BERMAN
ADVISERS MANAGEMENT TRUST

NEUBERGER BERMAN
MANAGEMENT INC.

By: _____

By: _____

Name:
Title:

Name:
Title:

AIG LIFE INSURANCE COMPANY

By: _____

Name:
Title:

SCHEDULE A

Neuberger Berman Advisors Management Trusts Portfolios

AMT Partners
AMT Limited Maturity Bond

SCHEDULE B

Separate Accounts

Separate Account I
Separate Account II
Separate Account IV
Separate Account Five (5)

ADDENDUM NO. 32

TO

SERVICE AND EXPENSE AGREEMENT

among

AMERICAN HOME ASSURANCE COMPANY
AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
AIG RISK MANAGEMENT, INC.
BIRMINGHAM FIRE INSURANCE COMPANY OF PENNSYLVANIA
COMMERCE AND INDUSTRY INSURANCE COMPANY
DELAWARE AMERICAN LIFE INSURANCE COMPANY
AIG LIFE INSURANCE COMPANY
NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.
THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA
PACIFIC UNION ASSURANCE COMPANY
AIU NORTH AMERICA, INC.
AIU INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY OF CALIFORNIA, INC.
AIG HAWAII INSURANCE COMPANY INC.
AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY
AMERICAN INTERNATIONAL SURPLUS LINES AGENCY, INC.
NORTH AMERICAN MANAGERS, INC.
AMERICAN LIFE INSURANCE COMPANY
AIG NATIONAL INSURANCE COMPANY, INC.
AIG CLAIM SERVICES, INC.
AIG GLOBAL TRADE & POLITICAL RISK INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY OF NEW JERSEY
AIG EQUITY SALES CORP.
AMERICAN PACIFIC INSURANCE COMPANY, INC.
A.I. CREDIT CORP.
LEXINGTON INSURANCE COMPANY
LANDMARK INSURANCE COMPANY
NEW HAMPSHIRE INDEMNITY COMPANY, INC.
AIG ANNUITY INSURANCE COMPANY,
THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
FIRST SUNAMERICA LIFE INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY OF DELAWARE
MINNESOTA INSURANCE COMPANY
STARR EXCESS LIABILITY INSURANCE COMPANY, LTD.
AMERICAN GENERAL ASSURANCE COMPANY
AMERICAN GENERAL LIFE INSURANCE COMPANY
AMERICAN GENERAL LIFE AND ACCIDENT INSURANCE COMPANY
AMERICAN GENERAL PROPERTY INSURANCE COMPANY
MERIT LIFE INSURANCE CO.

USLIFE CREDIT LIFE INSURANCE COMPANY OF ARIZONA
YOSEMITE INSURANCE COMPANY
SUNAMERICA FINANCIAL, A DIVISION OF SUNAMERICA LIFE INSURANCE COMPANY
AIG SUNAMERICA LIFE ASSURANCE COMPANY

1

2929 ALLEN PARKWAY VENTURE, L.P.
AIG FIXED ANNUITY MARKETING GROUP, INC.
AMERICAN ATHLETIC CLUB, INC.
AMERICAN GENERAL ANNUITY SERVICE CORPORATION
AMERICAN GENERAL ASSIGNMENT CORPORATION
AMERICAN GENERAL ASSIGNMENT CORPORATION OF NEW YORK
AMERICAN GENERAL BANCASSURANCE SERVICES, INC.
AMERICAN GENERAL CORPORATION
AMERICAN GENERAL DISTRIBUTORS, INC.
AMERICAN GENERAL FINANCE CORPORATION
AMERICAN GENERAL FINANCE, INC.
AMERICAN GENERAL FINANCIAL SERVICES, INC.
AMERICAN GENERAL GATEWAY SERVICES, LLC
AMERICAN GENERAL INTERNATIONAL INVESTMENTS, INC.
AMERICAN GENERAL LIFE COMPANIES, LLC
AMERICAN GENERAL REALTY INVESTMENT CORPORATION
KNICKERBOCKER CORPORATION
PAVILIONS CORPORATION
VALIC FINANCIAL ADVISORS, INC.
VALIC RETIREMENT SERVICES COMPANY
VALIC TRUST COMPANY
AIG GLOBAL REAL ESTATE INVESTMENT CORP.
AIG RETIREMENT SERVICES, INC. (FORMERLY AIG SUNAMERICA INC.)
AMERICAN GENERAL INDEMNITY COMPANY
AMERICAN GENERAL INVESTMENT ADVISORY SERVICES, INC.
AMERICAN GENERAL PROPERTY INSURANCE COMPANY OF FLORIDA
AIG SUNAMERICA ASSET MANAGEMENT CORP. (FORMERLY SUNAMERICA ASSET
MANAGEMENT CORP.)
SUNAMERICA INVESTMENTS, INC.
SUNAMERICA LIFE INSURANCE COMPANY
AUDUBON INDEMNITY COMPANY
AUDUBON INSURANCE COMPANY
NATIONAL UNION FIRE INSURANCE COMPANY OF LOUISIANA
AGC LIFE INSURANCE COMPANY
THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE COMPANY
and
AMERICAN INTERNATIONAL GROUP, INC.

The Service and Expense Agreement originally incepted February 1, 1974 and to which the entities named above are parties (the "Agreement") is hereby amended effective May 1, 2004, in the following respects:

1. The title of the Agreement is hereby amended to read in its entirety as follows:

SERVICE AND EXPENSE AGREEMENT
among
AMERICAN HOME ASSURANCE COMPANY
AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
AIG RISK MANAGEMENT, INC.
BIRMINGHAM FIRE INSURANCE COMPANY OF PENNSYLVANIA
COMMERCE AND INDUSTRY INSURANCE COMPANY
DELAWARE AMERICAN LIFE INSURANCE COMPANY
AIG LIFE INSURANCE COMPANY
NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.

2

THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA
PACIFIC UNION ASSURANCE COMPANY
AIU NORTH AMERICA, INC.
AIU INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY OF CALIFORNIA, INC.
AIG HAWAII INSURANCE COMPANY INC.
AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY
AMERICAN INTERNATIONAL SURPLUS LINES AGENCY, INC.
NORTH AMERICAN MANAGERS, INC.
AMERICAN LIFE INSURANCE COMPANY
AIG NATIONAL INSURANCE COMPANY, INC.
AIG CLAIM SERVICES, INC.
AIG GLOBAL TRADE & POLITICAL RISK INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY OF NEW JERSEY
AIG EQUITY SALES CORP.
AMERICAN PACIFIC INSURANCE COMPANY, INC.
A. I. CREDIT CORP.
LEXINGTON INSURANCE COMPANY
LANDMARK INSURANCE COMPANY
NEW HAMPSHIRE INDEMNITY COMPANY, INC.
AIG ANNUITY INSURANCE COMPANY,
THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
FIRST SUNAMERICA LIFE INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY OF DELAWARE
MINNESOTA INSURANCE COMPANY
STARR EXCESS LIABILITY INSURANCE COMPANY, LTD.
AMERICAN GENERAL ASSURANCE COMPANY
AMERICAN GENERAL LIFE INSURANCE COMPANY
AMERICAN GENERAL LIFE AND ACCIDENT INSURANCE COMPANY
AMERICAN GENERAL PROPERTY INSURANCE COMPANY
MERIT LIFE INSURANCE CO.
USLIFE CREDIT LIFE INSURANCE COMPANY OF ARIZONA

YOSEMITE INSURANCE COMPANY
SUNAMERICA FINANCIAL, A DIVISION OF SUNAMERICA LIFE INSURANCE COMPANY
AIG SUNAMERICA LIFE ASSURANCE COMPANY
2929 ALLEN PARKWAY VENTURE, L.P.
AIG FIXED ANNUITY MARKETING GROUP, INC.
AMERICAN ATHLETIC CLUB, INC.
AMERICAN GENERAL ANNUITY SERVICE CORPORATION
AMERICAN GENERAL ASSIGNMENT CORPORATION
AMERICAN GENERAL ASSIGNMENT CORPORATION OF NEW YORK
AMERICAN GENERAL BANCASSURANCE SERVICES, INC.
AMERICAN GENERAL CORPORATION
AMERICAN GENERAL DISTRIBUTORS, INC.
AMERICAN GENERAL FINANCE CORPORATION
AMERICAN GENERAL FINANCE, INC.
AMERICAN GENERAL FINANCIAL SERVICES, INC.
AMERICAN GENERAL GATEWAY SERVICES, LLC
AMERICAN GENERAL INTERNATIONAL INVESTMENTS, INC.
AMERICAN GENERAL LIFE COMPANIES, LLC
AMERICAN GENERAL REALTY INVESTMENT CORPORATION
KNICKERBOCKER CORPORATION
PAVILIONS CORPORATION
VALIC FINANCIAL ADVISORS, INC.
VALIC RETIREMENT SERVICES COMPANY

3

VALIC TRUST COMPANY
AIG GLOBAL REAL ESTATE INVESTMENT CORP.
AIG RETIREMENT SERVICES, INC. (FORMERLY AIG SUNAMERICA INC.)
AMERICAN GENERAL INDEMNITY COMPANY
AMERICAN GENERAL INVESTMENT ADVISORY SERVICES, INC.
AMERICAN GENERAL PROPERTY INSURANCE COMPANY OF FLORIDA
AIG SUNAMERICA ASSET MANAGEMENT CORP. (FORMERLY SUNAMERICA ASSET
MANAGEMENT CORP.)
SUNAMERICA INVESTMENTS, INC.
SUNAMERICA LIFE INSURANCE COMPANY
AUDUBON INDEMNITY COMPANY
AUDUBON INSURANCE COMPANY
NATIONAL UNION FIRE INSURANCE COMPANY OF LOUISIANA
AGC LIFE INSURANCE COMPANY
THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE COMPANY
AIG SYSTEMS SOLUTIONS PRIVATE LIMITED
AMERICAN GENERAL SECURITIES INCORPORATED
AMERICAN GENERAL EQUITY SERVICES CORPORATION
AIG CENTENNIAL INSURANCE COMPANY
AIG INDEMNITY INSURANCE COMPANY
AIG PREFERRED INSURANCE COMPANY
AIG PREMIER INSURANCE COMPANY
BAYSIDE CASUALTY INSURANCE COMPANY

and
AMERICAN INTERNATIONAL GROUP, INC.

The Agreement is amended by adding to the parties set forth that are collectively called the "Companies", AIG Systems Solutions Private Limited, American General Securities Incorporated, American General Equity Services Corporation, AIG Centennial Insurance Company, AIG Indemnity Insurance Company, AIG Preferred Insurance Company, AIG Premier Insurance Company and Bayside Casualty Insurance Company".

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed, by their duly authorized representatives this 1st day of May, 2004.

AMERICAN HOME ASSURANCE COMPANY By: /s/

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK By: /s/

AIG RISK MANAGEMENT, INC By: /s/

BIRMINGHAM FIRE INSURANCE COMPANY OF PENNSYLVANIA By: /s/

COMMERCE AND INDUSTRY INSURANCE COMPANY By: /s/

DELAWARE AMERICAN LIFE INSURANCE COMPANY By: /s/

AIG LIFE INSURANCE COMPANY By: /s/

NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA By: /s/

THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA By: /s/

PACIFIC UNION ASSURANCE

COMPANY

By: /s/

AIU NORTH AMERICA, INC.

By: /s/

AIU INSURANCE COMPANY

By: /s/

AMERICAN INTERNATIONAL
INSURANCE COMPANY

By: /s/

AMERICAN INTERNATIONAL INSURANCE
COMPANY OF CALIFORNIA, INC.

By: /s/

AIG HAWAII INSURANCE COMPANY INC.

By: /s/

AMERICAN INTERNATIONAL SPECIALTY
LINES INSURANCE COMPANY

By: /s/

AMERICAN INTERNATIONAL SURPLUS
LINES AGENCY, INC.

By: /s/

NORTH AMERICAN MANAGERS, INC.

By: /s/

AMERICAN LIFE INSURANCE COMPANY

By: /s/

AIG NATIONAL INSURANCE COMPANY, INC.

By: /s/

AIG CLAIM SERVICES, INC.

By: /s/

AIG GLOBAL TRADE & POLITICAL
RISK INSURANCE COMPANY

By: /s/

AMERICAN INTERNATIONAL INSURANCE
COMPANY OF NEW JERSEY

By: /s/

AIG EQUITY SALES CORP.

By: /s/

AMERICAN PACIFIC INSURANCE
COMPANY, INC.

By: /s/

A.I. CREDIT CORP.

By: /s/

LEXINGTON INSURANCE COMPANY

By: /s/

LANDMARK INSURANCE COMPANY

By: /s/

5

NEW HAMPSHIRE INDEMNITY COMPANY, INC.

By: /s/

AIG ANNUITY INSURANCE COMPANY

By: /s/

THE VARIABLE ANNUITY LIFE
INSURANCE COMPANY

By: /s/

FIRST SUNAMERICA LIFE
INSURANCE COMPANY

By: /s/

AMERICAN INTERNATIONAL INSURANCE
COMPANY OF DELAWARE

By: /s/

MINNESOTA INSURANCE COMPANY

By: /s/

STARR EXCESS LIABILITY INSURANCE
COMPANY, LTD.

By: /s/

AMERICAN GENERAL ASSURANCE
COMPANY

By: /s/

AMERICAN GENERAL LIFE
INSURANCE COMPANY

By: /s/

AMERICAN GENERAL LIFE AND

ACCIDENT INSURANCE COMPANY

By: /s/

AMERICAN GENERAL PROPERTY
INSURANCE COMPANY

By: /s/

MERIT LIFE INSURANCE CO.

By: /s/

USLIFE CREDIT LIFE INSURANCE
COMPANY OF ARIZONA

By: /s/

YOSEMITE INSURANCE COMPANY

By: /s/

SUNAMERICA FINANCIAL, A DIVISION OF
SUNAMERICA LIFE INSURANCE COMPANY

By: /s/

AIG SUNAMERICA LIFE ASSURANCE
COMPANY

By: /s/

2929 ALLEN PARKWAY VENTURE, L.P.

By: /s/

AIG FIXED ANNUITY MARKETING
GROUP, INC.

By: /s/

AMERICAN ATHLETIC CLUB, INC.

By: /s/

AMERICAN GENERAL ANNUITY
SERVICE CORPORATION

By: /s/

AMERICAN GENERAL
ASSIGNMENT CORPORATION

By: /s/

AMERICAN GENERAL ASSIGNMENT
CORPORATION OF NEW YORK

By: /s/

AMERICAN GENERAL
BANCASSURANCE SERVICES, INC.

By: /s/

AMERICAN GENERAL CORPORATION

By: /s/

AMERICAN GENERAL DISTRIBUTORS, INC.

By: /s/

AMERICAN GENERAL FINANCE CORPORATION

By: /s/

AMERICAN GENERAL FINANCE, INC.

By: /s/

AMERICAN GENERAL FINANCIAL
SERVICES, INC.

By: /s/

AMERICAN GENERAL
GATEWAY SERVICES, L.L.C.

By: /s/

AMERICAN GENERAL
INTERNATIONAL INVESTMENTS, INC.

By: /s/

AMERICAN GENERAL LIFE COMPANIES, LLC

By: /s/

AMERICAN GENERAL
REALTY INVESTMENT CORPORATION

By: /s/

KNICKERBOCKER CORPORATION

By: /s/

PAVILIONS CORPORATION

By: /s/

VALIC FINANCIAL ADVISORS, INC.

By: /s/

VALIC RETIREMENT SERVICES COMPANY

By: /s/

VALIC TRUST COMPANY

By: /s/

AIG GLOBAL REAL ESTATE

INVESTMENT CORP.

By: /s/

AIG RETIREMENT SERVICES, INC.

By: /s/

AMERICAN GENERAL INDEMNITY COMPANY

By: /s/

AMERICAN GENERAL INVESTMENT
ADVISORY SERVICES, INC.

By: /s/

7

AMERICAN GENERAL PROPERTY
INSURANCE COMPANY OF FLORIDA

By: /s/

AIG SUNAMERICA ASSET MANAGEMENT CORP.

By: /s/

SUNAMERICA INVESTMENTS, INC.

By: /s/

SUNAMERICA LIFE INSURANCE COMPANY

By: /s/

AUDUBON INDEMNITY COMPANY

By: /s/

AUDUBON INSURANCE COMPANY

By: /s/

NATIONAL UNION FIRE INSURANCE
COMPANY OF LOUISIANA

By: /s/

AGC LIFE INSURANCE COMPANY

By: /s/

THE HARTFORD STEAM BOILER
INSPECTION AND INSURANCE COMPANY

By: /s/

AIG SYSTEMS SOLUTIONS PRIVATE LIMITED

By: /s/

AMERICAN GENERAL SECURITIES

INCORPORATED

By: /s/

AMERICAN GENERAL EQUITY
SERVICES CORPORATION

By: /s/

AIG CENTENNIAL INSURANCE COMPANY

By: /s/

AIG INDEMNITY INSURANCE COMPANY

By: /s/

AIG PREFERRED INSURANCE COMPANY

By: /s/

AIG PREMIER INSURANCE COMPANY

By: /s/

BAYSIDE CASUALTY INSURANCE COMPANY

By: /s/

AMERICAN INTERNATIONAL GROUP, INC.

By: /s/

By: /s/

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Post-Effective Amendment No. 13 to the Registration Statement on Form N-6 (Registration Nos. 333-34199 and 811-04867) of our report dated April 29, 2005 relating to the financial statements and financial highlights of Variable Account II of AIG Life Insurance Company and our report dated April 29, 2005 relating to the financial statements of AIG 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

Description of AIG 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
Prepared as of May 2, 2005

This document sets forth, as required by Rule 6e-3(T) (b) (12) (iii), the administrative procedures that will be followed by AIG Life Insurance Company "AIG Life" in connection with the issuance of the flexible premium variable universal life insurance policy ("the Policy") described in this Registration Statement, the transfer of assets held thereunder, and the redemption by Policy Owners of their interests in the Policies.

I. "PUBLIC OFFERING PRICE": PURCHASE AND RELATED TRANSACTIONS

Set out below is a summary of the principal Policy provisions and administrative procedures which might be deemed to constitute, either directly or indirectly, a "purchase" transaction. The summary shows that, because of the insurance nature of the Policies, the procedures involved necessarily differ in certain significant respects from the purchase procedures for mutual funds and contractual plans.

a. PREMIUM SCHEDULES AND UNDERWRITING STANDARDS

A premium payment schedule (Planned Periodic Premium) may be selected at the time of application and may be changed at any time. The planned periodic premium is set forth in the Policy. There is no penalty if the planned periodic premium is not paid, nor does payment of this amount guarantee coverage for any period of time. Even if scheduled premiums are paid, the Policy terminates when the Net Cash Surrender Value becomes insufficient to pay certain monthly charges and a Grace Period expires without sufficient payment.

A Policy Owner may make additional premium payments at any time before the death of the Insured prior to the Policy Anniversary following the Insured attained age 99. The minimum premium payment is \$50.00. We may require satisfactory evidence of insurability before accepting any premium which results in an increase in the net amount at risk. In addition, total premiums paid in a Policy year may not exceed guideline premium limitations for life insurance set forth in the Internal Revenue Code.

The Policies will be offered and sold pursuant to established underwriting standards and in accordance with state insurance laws. State insurance laws prohibit unfair discrimination among Insureds but recognize the mortality charges must be based upon factors such as age, sex, health and smoker status and occupation.

b. APPLICATION AND INITIAL PREMIUM PROCEDURES

Individuals wishing to purchase a Policy must complete an Application. The Policy is available as a Qualified Policy or a Non-qualified Policy. The minimum Face Amount of a Policy is \$50,000.00. The Insured may not be older than attained age 70 as of the Policy Date or

the date of any increase in Face Amount. Before issuing any Policy AIG Life will require satisfactory evidence of insurability.

The Policy Owner selects a premium payment schedule in the Application. The amount of the planned periodic premium is shown on the Policy Information Section. There is no penalty if the planned periodic premium is not paid, nor does payment of this amount guarantee coverage for any period of time. While the Insured is living, the owner may make unscheduled premium payments at any time prior to the Policy Anniversary following the Insured attained age 99.

The initial Net Premium will be credited to the Policy as of the Policy Date. Subsequent Planned Periodic Premiums and accepted unplanned premiums will be credited to the Policy and the Net Premiums will be invested as of the date the Premium or notification of deposit is received at Our Administrative Center. However, any Net Premiums requiring underwriting will be allocated to the Money Market Subaccount until underwriting has been completed. When accepted or at the end of the Free Look Period, the Policy Account Value in the Money Market Subaccount attributable to the resulting Net Premiums will be credited to the Policy and allocated in accordance with the specified allocation percentages. If additional Premium is rejected, AIG Life will refund the excess amount.

c. FREE LOOK PROVISION

A Policy may be canceled within 10 days (or longer if required by state law) after the Policy Owner receives it by returning it to AIG Life or the registered representative through whom it was purchased. Premiums will be allocated to the Money Market Fund until 10 days after the Issue Date or the end of the Free Look Period. The Policy Owner will then receive from AIG Life the greater of the Policy's Net Cash Value as of the date the Policy is returned or premiums paid; less loans and Partial Surrenders. The Policy Owner may cancel increases in the Face Amount under the same time limitations. For canceled increases in the Face Amount, the refund equals the amount of premiums allocated to the increase in accordance with the surrender charge provision, less any portion of such amount previously paid to the Policy Owner.

d. REPAYMENT OF POLICY LOAN

Unless AIG Life sets a lower rate for any period, the effective annual loan interest rate is 8%, which is payable in arrears. Loan interest for the Policy Year in which a loan is taken will be due on the next Policy Anniversary. Loan interest accrues each day and is payable on the Policy Anniversary, on the date

of death, surrender or lapse. Loan interest not paid in cash as of the Policy Anniversary, or prior to the expiration of the Grace Period will be charged as a new loan and amounts may need to be transferred to the Guaranteed Account to cover the increased loan amount.

If the loan interest rate is lower than 8% per year, any subsequent increase in the interest rate will be subject to the following conditions:

1. The effective date of any increase in the interest rate shall not be earlier than one year after the effective date of the establishment of the previous rate.
2. The amount by which the interest rate may be increased will not exceed one percent per year, but the rate of interest shall in no event ever exceed 8%.
3. AIG Life will give notice of the interest rate in effect when a loan is made and when sending notice of loan interest due.
4. If a loan is outstanding 40 days or more before the effective date of an increase in the interest rate, AIG Life will notify the Policy Owner of the increase at least 30 days prior to the effective date of the increase.
5. AIG Life will give notice of any increase in the interest rate when a loan is made during the 40 days before the effective date of the increase.

All or part of an unpaid loan can be repaid before the Insured's death or before the Policy is surrendered. Loan repayments are allocated to the Subaccounts or the Guaranteed Account in accordance with premium allocations in effect at the time of the loan repayment. If a loan is outstanding when the insurance or surrender proceeds become payable, AIG Life will deduct the amount of any outstanding loan from these proceeds.

If the outstanding loan exceeds the Net Cash Surrender Value on any monthly anniversary, the Policy will be in default. If the Policy goes into default, the Policy Owner will be allowed a 61-day Grace Period to pay a premium sufficient to keep the Policy in force for 3 months. AIG Life will send notice of the amount required to be paid during the Grace Period to the last known address and to any assignee of record. The Grace Period will begin when the notice is sent.

e. CORRECTION OF MISSTATEMENT OF AGE OR SEX

If the Insured's age or sex is misstated in the Policy application, the Death Benefit payable under the Policy will be adjusted based on what the Policy would provide according to the most recent mortality charge for the correct date of birth or correct sex.

II. "REDEMPTION PROCEDURES": SURRENDER AND RELATED TRANSACTIONS

This section outlines those procedures which might be deemed to constitute redemptions under the Policy. These procedures differ in certain significant respects from the redemption procedures for mutual funds and contractual plans.

a. POLICY ACCOUNT VALUES

The owner of a Policy may make a Partial Surrender or Full Surrender of the Policy to receive part or all of the Policy's Net Cash Surrender Value, at any time while the Insured is living. The Net Cash Surrender Value is the Policy's Account Value less any surrender charges, any administrative charges and outstanding Policy Loans. The Policy Account Value is the amount provided for investment in the Separate Accounts and the Guaranteed Account. The Policy Account Value is held in one or more subaccounts of the Separate Accounts and the Guaranteed Account. Initially, this Policy Account Value equals the net amount of the first premium paid under the Policy. This amount is allocated among the Guaranteed Account and the subaccounts according to the allocation percentages requested in the Application.

Partial Surrenders are not permitted during the first Policy Year, or during the first 12 months following a Face Amount increase. The minimum Partial Surrender is \$500. The amount available is the Policy's Account Value at the end of the valuation period during which the written request for the surrender or partial surrender is received by AIG Life, less any surrender charges and administrative charges and outstanding loans. A partial surrender will be made on a

pro rata basis from the Guaranteed Account and/or subaccount, unless the Policy Owner indicates otherwise. Partial Surrenders will cause a reduction in the Policy's Face Amount when the Level Death Benefit is in effect. If the Face Amount has been increased, the partial surrender will reduce first the most recent increase, and then the next most recent increase, if any, in reverse order, and finally the initial face amount. The Net Cash Surrender Value must exceed \$500 after the partial surrender is deducted from the Policy Account Value. No more than two partial surrenders may be made during a Policy year, and each partial surrender must be at least \$500. A partial surrender charge and an administrative charge will be assessed on a partial surrender. The charge will be deducted from the Policy Owner's Account Value along with the amount requested to be surrendered.

During the first 14 Policy Years, a surrender charge will be assessed on a full or partial surrender or decrease in Face Amount. The surrender charge equal to the sum of (1) and (2) times a duration factor will be assessed against the Policy Account Value where:

(1) is equal to 25% of the first year paid premium up to the surrender charge premium; and (2) is equal to 4% of the first year paid premium in excess of the Surrender Charge Premium.

In addition, the sum of (1) and (2) will be capped at a level not to exceed 4.25% of the Internal Revenue Code 7702 Guideline Single Premium.

The following table lists the duration factor as described above:

Year	Surrender Charge Factor
1-5	100%
6	90%
7	80%
8	70%
9	60%
10	50%
11	40%
12	30%
13	20%
14	10%
15+	0%

An increase in the Face Amount of the Policy will result in an additional fourteen year surrender charge applicable to that increase. The additional surrender charge period will begin on the effective date of the increase.

If the Face Amount of the Policy is reduced before the end of the fourteenth Policy year or within fourteen years following a Face Amount increase, AIG Life may also deduct a pro rata share of any applicable surrender charge from the Policy Owner's Policy Account Value. Reductions will first be applied against the most recent increase in the Face Amount of the Policy. They will then be applied to prior increases in the Face Amount of the Policy in the reverse order in which such increases took place, and then to the original Face Amount of the Policy.

In addition, a Partial Surrender Charge will be assessed and equal to a pro rata portion of the applicable surrender charge that would apply to a Full Surrender. The Partial Surrender Charge is determined by multiplying the applicable surrender charge by a fraction (equal to the partial surrender amount plus the Partial Surrender Administrative Charge payable divided by the result of subtracting the applicable surrender charge from the unloaned portion of the Policy

Account Value). This amount is assessed against the Subaccounts or the Guaranteed Account in the same manner as provided for with respect to the partial surrender amount paid.

A partial surrender charge is also deducted from the Policy Account Value upon a decrease in Face Amount. The charge is equal to the applicable surrender charge multiplied by a fraction (equal to the decrease in Face Amount divided by the Face Amount of the Policy prior to the decrease).

AIG Life will deduct an administrative charge upon a partial surrender.

This charge is \$25. If required by the insurance regulations of any state, the administrative charge for a partial surrender will be equal to the lesser of \$25 or 2% of the amount surrendered. This charge will be deducted from the Policy Account Value in addition to the amount requested to be surrendered and will be considered to be part of the partial surrender amount.

Each partial surrender will reduce the Policy Account Value by the amount of partial surrender plus the proportional surrender charge and \$25 fee. If the Death Benefit coverage is the Level Death Benefit Option, the Face Amount will also be reduced by the amount of the partial surrender in the following order:

- (1) The most recent increase in the Face Amount, if any, will be reduced first
- (2) The next most recent increases in the Face Amount, if any, will then be successively decreased.
- (3) The initial Face Amount will then be decreased.

b. PAYMENT OF PROCEEDS

If the Policy has not terminated, payment of the Net Cash Surrender Value, any Partial Surrender, loan proceeds or the Death Benefit are made within 7 days after AIG Life receives all required documents at its Administrative Center or such other location that AIG Life indicates to the Policy Owner in writing. But AIG Life can delay payment of the Net Cash Surrender Value or any Partial Surrender from the Separate Accounts, loan proceeds, or the Death Benefit during any period that it is not reasonably practicable to determine the amount because:

- (1) The New York Stock Exchange ("NYSE") is closed (other than customary weekend and holiday closings);
- (2) Trading on the NYSE is restricted;
- (3) The Securities and Exchange Commission ("SEC") or other appropriate regulatory authority declares that an emergency exists; or
- (4) The SEC, by order, permits AIG Life to delay payment in order to protect Policy Owners.

AIG Life may delay paying any surrender value or loan proceeds on the Guaranteed Account for up to 6 months from the date the request is received at its Administrative Center. AIG Life can delay payment of the entire Death Benefit if payment is contested. AIG Life investigates all death claims arising within the two-year contestable period. Upon receiving the information from a completed investigation, AIG Life generally makes a determination within five days as to whether the claim should be authorized for payment. Payments are made promptly after authorization. AIG Life will pay interest on the life insurance proceeds from the date of the Insured's death to the date of payment as required

by applicable state law. When AIG Life receives written notification of the Insured's death, AIG Life will transfer the Policy Owner's Account Value from the Subaccounts to the Guaranteed Account.

The Death Benefit is the amount payable to the named Beneficiary when the Insured dies. Upon receiving due proof of death, AIG Life pays the Beneficiary the Death Benefit amount determined as of the date the Insured dies. All or part of the benefit can be paid in cash or applied under one or more of the payment options under the Policy.

Added to the Face Amount is the value of any additional benefits provided by rider. AIG Life pays interest on the Death Benefit based on applicable state law. AIG Life subtracts any outstanding loans and any unpaid monthly deductions.

c. POLICY LOAN

Using the Policy as sole security, the Policy Owner can borrow any amount up to the loan value of the Policy at any time after the first 12 months of the Policy or after the first 12 months following any increase in Face Amount, by submitting a written request to AIG Life's Administrative Center. The loan value on any given date is equal to 90% of the Net Cash Surrender Value.

There will be a \$25 fee deducted from the Policy Account Value for each loan request. The minimum amount that can be borrowed is \$500.

When a Policy Loan is made, an amount equal to the loan proceeds is withdrawn from the Policy Account Value in the Subaccounts or Guaranteed Account. This withdrawal is made pro rata on the basis of the Policy Account Value in each Subaccount or Guaranteed Account unless the Policy Owner directs a different allocation when requesting the loan. The loan amount withdrawn is then transferred to the Policy Loan Account in the Guaranteed Account and will become part of the Guaranteed Policy Account Value. Conversely, when a loan is repaid, an amount equal to the repayment will be transferred from the Policy Loan Account to the Guaranteed Account or Subaccounts in accordance with the effective net premium allocation percentages.

The amount in the Policy Loan Account will be credited with interest at an annual rate of 6.00%. AIG Life may, at its discretion, increase this rate. Thus, the maximum net cost of a loan is 2.00% per year (the difference between the rate of interest we charge and the amount of interest credited).

If the Policy has not terminated, payment of loan proceeds is made within 7 days after AIG Life receives any required documents at its Administrative Center or any other location indicated in writing by AIG Life. AIG Life can delay payment of loan proceeds attributable to the Separate Account during any period that:

It is not reasonably practicable to determine the amount because the New York Stock Exchange is closed (other than customary weekend and holiday

closings), trading is restricted by the Commission, or the Commission declares that an emergency exists; or

The Commission, by order, permits AIG Life to delay payment in order to protect Policy Owners.

AIG Life may delay paying any loan proceeds from the Guaranteed Account for up to 6 months from the date the request is received at its Administrative Center.

d. POLICY TERMINATION

The Policy does not terminate for failure to pay premiums since payments, other than the initial premium are not specifically required. Rather, if on a Monthly Anniversary, the Net Cash Surrender Value is less than the monthly deduction charge for the next Policy month, the Policy will continue for a Grace Period of 61 days after that Monthly Anniversary.

AIG Life allows 61 days to pay any premium necessary to cover the 3 months of monthly deductions and/or excess Policy loan. AIG Life will mail a notice to the Policy Owner at his last known address, and a copy to the last known assignee on the records at least 30 days before the end of the Grace Period which sets forth this amount. During the Grace Period, the Policy remains in force. If AIG Life does not receive the required payment before the end of this Grace Period, the Policy will end and there will be no Policy Account Value or life insurance benefit. If the Insured dies during the Grace Period, AIG Life will pay the Death Benefit. However, these proceeds will be reduced by the amount of any Monthly Deduction Charges for the full Policy month or months that run from the beginning of the late period through the Policy month in which the Insured dies or by the amount of any Policy loans.

For a period of five (5) years after termination, the Policy Owner can request that AIG Life reinstate the Policy during the Insured's lifetime. AIG Life will not reinstate the Policy if it has been returned for its Net Cash Surrender Value.

Before AIG Life will reinstate the Policy, AIG Life must receive the following:

Evidence of insurability satisfactory to AIG Life, if the reinstatement is requested more than 30 days after termination.

A payment of an amount sufficient to cover (i) the total monthly administrative charges from the beginning of the Grace Period to the effective date of reinstatement; (ii) total monthly deductions for 3 months, calculated from the effective date of reinstatement; and (iii) the charges for applicable taxes, associated with this payment. AIG Life will determine the amount of this required payment as if no interest or investment performance were credited to or charged against the Policy Owner's Account Value.

If AIG Life does reinstate the Policy, the Face Amount for the reinstated Policy will be same as it would have been if the Policy had not terminated.

III. TRANSFERS

All or part of the Policy Account Value may be transferred among Subaccounts of the Separate Account or to the Guaranteed Account. The minimum value of Accumulation Units that may be transferred between Subaccounts or to the Guaranteed Account, is the lesser of (i) \$250 or (ii) the total value of the Accumulation Units in a Subaccount or the Guaranteed Account Value would be less than \$250, the entire value will be transferred. Subject to current market timing restrictions, there is no charge for the first 12 transfers in any one Policy Year. AIG Life will charge \$25 for each transfer in excess of 12 per year.

Amounts may be transferred from the Guaranteed Account to the Subaccounts, subject to the following conditions:

- (1) **Maximum Transfer:** An amount not greater than 25% of the unloaned portion of the Guaranteed Account Value per Policy year.
- (2) **Minimum Transfer:** Transfers of at least the minimum amount are permitted. The minimum amount that may be transferred from the Guaranteed Account to the Subaccounts is the lesser of (i) \$250 or (ii) the Guaranteed Account Value, unless AIG Life agrees otherwise.
- (3) **Minimum Remaining Value:** Additionally, the remaining values in the Guaranteed Account must be at least \$250. If, after a contemplated transfer, the remaining values in the Guaranteed Account would be less than \$250, the amount must be included in the transfer.

Policy Account Value held in the Guaranteed Account may be transferred to a Subaccount or Subaccounts only during the 60-day period within 30 days before and following the end each Policy year.

Transfer requests must be in writing on a form approved in accordance with established procedures.

Through a process called Dollar Cost Averaging, the Policy Owner may specify an automatic transfer from the Money Market Subaccount into other Subaccounts for a specified dollar amount or number of months not in excess of 24. This option can be selected at any time provided there is a minimum balance of \$2,000 in the Money Market Subaccount at the time of election. The allocation to the Subaccounts will be based on the Policy Owner's Premium allocation that is in effect at the time of each transfer. If the Policy Owner elects the option on the Policy application, the automatic transfers will begin on the first

Monthly Anniversary following the end of the Free Look Period. If the Policy Owner elects the option after the application has been submitted, the automatic transfers will begin on the second Monthly Anniversary following the receipt of the request at AIG Life's Administrative Center.

If the Policy Owner elects to transfer a specific dollar amount each month, the automatic transfers will continue until the Money Market Subaccount is depleted. If the Policy Owner elects to have the funds transferred over a specific number of months, AIG Life will transfer a fraction equal to one divided by the number of months remaining in the period. For example, if the Policy Owner elects to transfer over a 12 month period, the first transfer will be 1/12 of Money Market Subaccount Value, the second transfer will be for 1/11, the third will be for 1/10 and so on until the end of the requested period.

Automatic transfers will remain in effect until one of the following conditions occur:

- (1) The funds in the Money Market Subaccount are depleted
- (2) AIG Life receives the Policy Owner's written request at our Administrative Center to cancel future transfers
- (3) AIG Life receives notification of death of the Insured
- (4) The Policy goes into the Grace Period or lapses.

EXCHANGE PROCEDURE

At any time within 24 months of the Issue Date, the Policy Owner may request that the entire Accumulation Value of the Policy be transferred to the Guaranteed Account to acquire

fixed benefit life insurance protection on the life of the Insured. The exchange will become effective when AIG Life receives a proper written request. Once this exchange is exercised, the entire cash value must remain in the Guaranteed Account for the life of the Policy.

At any time within 24 months of the Issue Date, or within 24 months of any increase in Face Amount, the Policy Owner may exchange the Policy for a Policy of flexible premium fixed benefit life insurance which AIG Life is offering for this purpose. AIG Life will not require evidence of insurability. The date of exchange will be the later of (a) the date the Policy Owner sends AIG Life the Policy along with a proper written request; or (b) the date AIG Life receives at the Administrative Center or such other location that AIG Life indicates to the Policy Owner in writing, the necessary payment for the exchange. All riders will end. The endorsed Policy will have the same Issue Date, issue age and risk classification as the original Policy. In order to exchange the Policy, AIG Life will require: (a) that the Policy be in effect on the date of exchange; (b)

repayment of any unpaid loan plus accrued interest; and (c) an adjustment, if any, for premiums and cash values of the Policy and any new Policy.