

SECURITIES AND EXCHANGE COMMISSION

FORM 485BPOS

Post-effective amendments [Rule 485(b)]

Filing Date: **2005-05-02**
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FILER

AGL SEPARATE ACCOUNT D

CIK: **89031** | IRS No.: **250598210** | State of Incorporation: **TX** | Fiscal Year End: **1231**
Type: **485BPOS** | Act: **33** | File No.: **333-25549** | Film No.: **05790911**

Mailing Address
2727-A ALLEN PARKWAY
-
HOUSTON TX 77019

Business Address
2727-A ALLEN PARKWAY
-
HOUSTON TX 77019
713-522-1111

AGL SEPARATE ACCOUNT D

CIK: **89031** | IRS No.: **250598210** | State of Incorporation: **TX** | Fiscal Year End: **1231**
Type: **485BPOS** | Act: **40** | File No.: **811-02441** | Film No.: **05790912**

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HOUSTON TX 77019
713-522-1111

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Pre-Effective Amendment No. -----

Post-Effective Amendment No. 8 [X]

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

Amendment No. 101 [X]

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D
(Exact Name of Registrant)

AMERICAN GENERAL LIFE INSURANCE COMPANY
(Name of Depositor)

2727-A Allen Parkway
Houston, Texas 77019-2191

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

(713) 831-1230
(Depositor's Telephone Number, including Area Code)

Lauren W. Jones, Esq.
Deputy General Counsel
American General Life Companies
2929 Allen Parkway, Houston, Texas 77019
(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) of Rule 485
 On date pursuant to paragraph (b) of Rule 485
 60 days after filing pursuant to paragraph (a)(1) of Rule 485
 On date pursuant to paragraph (a)(1) of Rule 485

If appropriate, check the following:

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

Title of Securities Being Registered:

Units of interest in American General Life Insurance Company
Separate Account D under variable annuity contracts.

WM STRATEGIC ASSET MANAGER
PROSPECTUS
MAY 2, 2005

FLEXIBLE PAYMENT VARIABLE AND FIXED INDIVIDUAL
DEFERRED ANNUITY CONTRACTS OFFERED BY
AMERICAN GENERAL LIFE INSURANCE COMPANY
ANNUITY ADMINISTRATION DEPARTMENT

P.O. Box 1401, Houston, Texas 77251-1401
1-800-277-0914; 1-281-878-7409; Hearing impaired: 1-888-436-5257

American General Life Insurance Company ("AGL") is offering the flexible payment variable and fixed individual deferred annuity contracts (the "Contracts") described in this Prospectus. You may use AGL's Separate Account D ("Separate Account") for a variable investment return under the Contracts based on one or more of the following mutual fund series of the WM Variable Trust ("Trust"):

| Portfolios | Funds |
|-------------------------------------|----------------------|
| ----- | ----- |
| . Flexible Income Portfolio . | Equity Income Fund |
| . Conservative Balanced Portfolio . | Growth & Income Fund |

- . Balanced Portfolio
- . Conservative Growth Portfolio
- . Strategic Growth Portfolio
- . West Coast Equity Fund
- . Mid Cap Stock Fund
- . Growth Fund
- . Small Cap Growth Fund
- . International Growth Fund
- . Short Term Income Fund
- . U.S. Government Securities Fund
- . Income Fund
- . Money Market Fund

Each of the mutual fund series offers Class I shares. You may also use AGL's guaranteed interest option. This option currently has one Guarantee Period, with a guaranteed interest rate.

We have designed this Prospectus to provide you with information that you should have before investing in the Contracts. Please read the Prospectus carefully and keep it for future reference. You should rely only on the information contained in this document and the current prospectus of the WM Variable Trust.

For additional information about the Contracts, you may request a copy of the Statement of Additional Information (the "Statement"), dated May 2, 2005. We have filed the Statement with the Securities and Exchange Commission ("SEC") and have incorporated it by reference into this Prospectus. The "Contents" of the Statement appears at page 36 of this Prospectus. You may obtain a free copy of the Statement if you write or call AGL's Annuity Administration Department, in our Home Office, which is located at 2929 Allen Parkway, All-01, Houston, Texas 77019-2191. The telephone number is 1-800-277-0914. You may also obtain the Statement through the SEC's Web site at <http://www.sec.gov>.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offense. The Contracts are not available in all states.

The Contracts 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 annuity is subject to investment risks, including possible loss of principal investment.

WM STRATEGIC ASSET MANAGER
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DEFINITIONS

We, our and us - American General Life Insurance Company ("AGL").

You and your - a reader of this Prospectus who is contemplating making purchase payments or taking any other action in connection with a Contract. This is generally the Owner of a Contract.

Account Value - the sum of your Fixed Account Value and your Variable Account Value after deduction of any fees. We may subtract certain other charges from your Account Value in the case of transfers or distribution of your Account Value.

Accumulation Unit - a measuring unit used in calculating your interest in a Division of Separate Account D before the Annuity Commencement Date.

Annuitant - the person named as annuitant in the application for a Contract and on whose life annuity payments may be based.

Annuity Administration Department - our annuity service center in our Home Office to which you should direct all purchase payments, requests, instructions and other communications. Our Annuity Administration Department is located at 2929 Allen Parkway, A11-01, Houston, Texas 77019-2191. The mailing address is P.O. Box 1401, Houston, Texas 77251-1401.

Annuity Commencement Date - the date on which we begin making payments under an Annuity Payment Option, unless you elect a single sum payment instead.

Annuity Payment Option - one of the ways in which you can request us to make annuity payments to you. An Annuity Payment Option will control the amount of

each payment, how often we make payments, and for how long we make payments.

Annuity Period - the period of time during which we make annuity payments under an Annuity Payment Option.

Annuity Unit - a measuring unit used to calculate the amount of Variable Annuity Payments.

Beneficiary - the person who will receive any proceeds due under a Contract following the death of an Owner or an Annuitant.

Code - the Internal Revenue Code of 1986, as amended.

Contingent Annuitant - a person whom you designate under a Non-Qualified Contract to become the Annuitant if the Annuitant dies before the Annuity Commencement Date and the Contingent Annuitant is alive when the Annuitant dies.

Contingent Beneficiary - a person whom you designate to receive any proceeds due under a Contract following the death of an Owner or an Annuitant, if the Beneficiary has died but the Contingent Beneficiary is alive when the proceeds become payable.

Contract - an individual annuity Contract offered by this Prospectus.

Contract Anniversary - each anniversary of the date of issue of the Contract.

Contract Year - each year beginning with the date of issue of the Contract.

Division - one of the several different investment options into which Separate Account D is divided. Each Division invests in shares of a Series.

Fixed Account - the name of the investment option that allows you to allocate purchase payments to AGL's General Account.

Fixed Account Value - the sum of your net purchase payments and transfers in the Fixed Account, plus accumulated interest, less any partial withdrawals and transfers you make out of the Fixed Account.

Fixed Annuity Payments - annuity payments that are fixed in amount and do not vary with the investment experience of any Division of Separate Account D.

General Account - all assets of AGL other than those in Separate Account D or any other legally segregated separate account established by AGL.

Guaranteed Interest Rate - the rate of interest we credit during any Guarantee Period, on an effective annual basis.

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Guarantee Period - the period for which we credit a Guaranteed Interest Rate.

Home Office - our office at the following address and phone number: American General Life Insurance Company, Annuity Administration Department, 2929 Allen Parkway, All-01, Houston, Texas 77019-2191; Mailing address - P.O. Box 1401, Houston, Texas 77251-1401; 1-800-277-0914 or 1-281-878-7409.

Investment Company Act of 1940 ("1940 Act") - a federal law governing the operations of investment companies such as the Series and the Separate Account.

Non-Qualified - not eligible for the kind of federal income tax treatment that occurs with retirement plans allowed by Sections 401, 403, 408 or 408A of the Code.

Owner - the holder of record of a Contract, except that the employer or trustee may be the Owner of the Contract in connection with a retirement plan.

Qualified - eligible for the kind of federal income tax treatment that occurs with retirement plans allowed by Sections 401, 403, 408 or 408A of the Code.

Separate Account - the segregated asset account of AGL named Separate Account D, which receives and invests purchase payments under the Contracts.

Series - an individual portfolio of a mutual fund that you may choose for investment under the Contracts. Currently, the Series are the Portfolios and the Funds of the WM Variable Trust.

Surrender Charge - a charge for sales expenses that we may assess when you surrender a Contract or receive payment of certain other amounts from a Contract.

Valuation Date - a day when we are open for business. However, a day is not a Valuation Date, if the Series in which a Division invests does not calculate the value of its shares on that day.

Valuation Period - the period that starts at the close of regular trading on the New York Stock Exchange on a Valuation Date and ends at the close of regular trading on the New York Stock Exchange on the next Valuation Date.

Variable Account Value - the sum of your account values in the Separate Account Divisions. Your account value in a Separate Account Division equals the value of a Division's Accumulation Unit multiplied by the number of Accumulation Units you have in that Division.

Variable Annuity Payments - annuity payments that vary in amount based on the investment earnings and losses of one or more of the Divisions.

Written - signed, dated, and in a form satisfactory to us and received at our Home Office. (See "Summary of Contract Provisions - Communications to Us.") You must use special forms we or your sales representative provide to elect an Annuity Option or exercise your one-time reinstatement privilege.

FEE TABLE

The following tables describe the fees and expenses that you may pay when buying, owning, and surrendering the Contract. The first table describes the fees and expenses that you will pay at the time that you buy the Contract, surrender the Contract, or transfer cash value between investment options. State premium taxes may also be deducted if applicable.

Owner Transaction Charges

| | |
|---|----------|
| Front-End Sales Charge Imposed on Purchases..... | 0% |
| Maximum Surrender Charge/1/..... | 7.0% |
| (computed as a percentage of purchase payments surrendered) | |
| Transfer Fee..... | \$ 25/2/ |

The next table describes the fees and expenses that you will pay periodically during the time that you own the Contract, not including the Variable Account Option fees and expenses.

Annual Contract Fee/3/..... \$ 35

Separate Account Annual Expenses (as a percentage of average daily Variable Account Value)

| | |
|---|-------|
| Mortality and Expense Risk Charge..... | 1.25% |
| Administrative Expense Charge..... | 0.15% |
| | ---- |
| Total Separate Account Annual Expenses..... | 1.40% |
| | ==== |

Portfolio and Underlying Fund Expenses

The next table shows the minimum and maximum total operating expenses charged by the Mutual Funds that you may pay periodically during the time that you own the Contract. More detail concerning each Mutual Fund's fees and expenses is contained in the prospectus for each Mutual Fund.

| Total Annual Mutual Fund Operating Expenses | Minimum | Maximum |
|--|---------|---------|
| ----- | ----- | ----- |
| (Expenses that are deducted from the assets of a Mutual Fund, including management fees, distribution and/or service (12b-1) fees, and other expenses) | 0.54% | 1.16% |

Example

This Example is intended to help you compare the cost of investing in the Contract with the cost of investing in other variable annuity contracts. These costs include Contract Owner transaction expenses, Contract fees, separate account annual expenses and the Variable Account Option fees and expenses.

The Example assumes that you invest \$10,000 in the Contract for the time periods indicated. The Example also assumes that your investment has a 5% return each year and assumes the maximum fees and expenses for a Variable Account Option. Although your actual costs may be higher or lower, based on these assumptions, your costs would be:

(1) This example applies to Contract Owners who purchased their Contracts after February 14, 2000. The 15% free withdrawal under these Contracts is available in the first year (see "Charges Under the Contracts" for more information). If you surrender your Contract at the end of the applicable time period:

 1 Year 3 Years 5 Years 10 Years

| | | | | |
|---------|-------|---------|---------|---------|
| Minimum | \$906 | \$1,085 | \$1,449 | \$2,342 |
| Maximum | \$968 | \$1,272 | \$1,761 | \$2,971 |

/1/ This charge does not apply or is reduced under certain circumstances. See "Surrender Charge."

/2/ You may make up to 12 transfers each Contract Year before the Annuity Commencement Date without charge, but additional transfers will be subject to a \$25 charge.

/3/ This charge is waived for cumulative premiums of \$50,000 or more and does not apply during the Annuity Period.

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(2) This example applies to Contract Owners who purchased their Contracts after October 1, 1998 and before February 15, 2000. The 15% free withdrawal under these Contracts is not available until the second year (see "Charges Under the Contracts" for more information). If you surrender your Contract at the end of the applicable time period:

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---------|--------|---------|---------|----------|
| Minimum | \$906 | \$1,060 | \$1,429 | \$2,342 |
| Maximum | \$968 | \$1,247 | \$1,741 | \$2,971 |

(3) This example applies to Contract Owners who purchased their Contracts before October 2, 1998. The 10% free withdrawal under these Contracts is not available until the second year (see "Charges Under the Contracts" for more information). If you surrender your Contract at the end of the applicable time period:

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---------|--------|---------|---------|----------|
| Minimum | \$801 | \$1,060 | \$1,429 | \$2,342 |
| Maximum | \$863 | \$1,247 | \$1,741 | \$2,971 |

(4) If you do not surrender your Contract:

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---------|--------|---------|---------|----------|
| Minimum | \$206 | \$635 | \$1,089 | \$2,342 |
| Maximum | \$268 | \$822 | \$1,401 | \$2,971 |

Note: These examples should not be considered representations of past or future expenses for AGL Separate Account D or for any Series. Actual expenses may be greater or less than those shown above. Similarly, the 5% annual rate of return assumed in the examples is not an estimate or guarantee of future investment performance.

SUMMARY OF CONTRACT PROVISIONS

You should read this summary together with the other information in this Prospectus.

The purpose of the Contracts is to provide retirement benefits through

- . the accumulation of purchase payments on a fixed or variable basis, and
- . the application of such accumulations to provide Fixed or Variable Annuity Payments.

Minimum Investment Requirements

Your initial purchase payment must be at least \$2,000, if you are buying a Qualified Contract, and \$5,000, if you are buying a Non-Qualified Contract. (See "Federal Income Tax Matters" for a discussion of the various tax aspects involved in purchasing Qualified and Non-Qualified Contracts.) The amount of any subsequent purchase payment that you make must be at least \$100. If your Account Value falls below \$500, we may cancel your Contract and treat it as a full

surrender. We also may transfer funds, without charge, from a Division (other than the Money Market Fund Division) or Guarantee Period under your Contract to the Money Market Fund Division, if the Account Value of that Division or Guarantee Period falls below \$500. (See "Contract Issuance and Purchase Payments.")

Minimum Investment Requirements in Oregon. The preceding paragraph applies to all Contracts, including those purchased in Oregon. However, beginning November 20, 2000, if you purchase a Contract in Oregon, you may make only one purchase payment. The purchase payment is the sum of:

- . the amount we receive on the date of issue of your Contract, and
- . any amount of transfers or exchanges which you already requested to be paid to us as of the date of issue, but we have not received by that date.

Purchase Payment Accumulation

We accumulate purchase payments on a variable or fixed basis until the Annuity Commencement Date.

For variable accumulation, you may allocate part or all of your Account Value to one or more of the 16 available Divisions of the Separate Account. Each Division invests solely in shares of one of 16 corresponding Series. (See "The Series.") The value of

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accumulated purchase payments allocated to a Division increases or decreases, as the value of the investments in a Series' shares increases or decreases, subject to reduction by charges and deductions. (See "Variable Account Value.")

For fixed accumulation, you may allocate part or all of your Account Value to one or more of the Guarantee Periods available in our Fixed Account at the time you make your allocation. Each Guarantee Period is for a different period of time and has a different Guaranteed Interest Rate. The value of accumulated purchase payments increases at the Guaranteed Interest Rate applicable to that Guarantee Period. (See "The Fixed Account.")

Fixed and Variable Annuity Payments

You may elect to receive Fixed or Variable Annuity Payments or a combination of Payments beginning on the Annuity Commencement Date. Fixed Annuity Payments are periodic payments from AGL in a fixed amount guaranteed by AGL. The amount of the Payments will depend on the Annuity Payment Option chosen, the age, and in some cases, the gender of the Annuitant, and the total amount of Account Value applied to the fixed Annuity Payment Option.

Variable Annuity Payments are similar to Fixed Annuity Payments, except that the amount of each periodic payment from AGL will vary reflecting the net investment return of the Division or Divisions you selected under your variable Annuity Payment Option. The payment for a given month will exceed the previous month's payment, if the net investment return for a given month exceeds the assumed interest rate used in the Contract's annuity tables. The monthly payment will be less than the previous payment, if the net investment return for a month is less than the assumed interest rate. The assumed interest rate used in the Contract's annuity tables is 3.5%. AGL may offer other forms of the Contract with a lower assumed interest rate and reserves the right to discontinue the offering of the higher interest rate form of Contract. (See "Annuity Period and Annuity Payment Options.")

Changes in Allocations Among Divisions and Guarantee Periods

Before the Annuity Commencement Date, you may change your allocation of future purchase payments to the various Divisions and Guarantee Periods, without charge.

In addition, you may reallocate your Account Value among the Divisions and Guarantee Periods before the Annuity Commencement Date. However, you are limited in the amount that you may transfer out of a Guarantee Period. See "Transfer, Automatic Rebalancing, Surrender and Partial Withdrawal of Owner Account Value - Transfers," for these and other conditions of transfer.

After the Annuity Commencement Date, you may make transfers from a Division to another Division or to a fixed Annuity Payment Option. However, you may not make transfers from a fixed Annuity Payment Option. (See "Annuity Period and Annuity Payment Options - Transfers.")

Surrenders and Withdrawals

You may make a total surrender of or partial withdrawal from your Contract at any time before the Annuity Commencement Date by Written request to us. A

surrender or partial withdrawal may require you to pay a Surrender Charge, and some surrenders and partial withdrawals may require you to pay tax penalties. (See "Surrenders and Partial Withdrawals.")

Cancellation Right

You may cancel your Contract by delivering it or mailing it with a Written cancellation request to our Home Office or to your sales representative, before the close of business on the 10th day after you receive the Contract. In some states the Contract provides for a 20 or 30 day period.

We will refund to you, in most states, the sum of:

- . your Account Value, and
- . any premium taxes and Annual Contract Fee that have been deducted.

Some states require us to refund the sum of your purchase payments only if it is larger than the amount just described. In all other states, we refund the sum of your purchase payments.

Death Proceeds

If the Annuitant or Owner dies before the Annuity Commencement Date, we will pay a benefit to the Beneficiary. (See "Death Proceeds Before the Annuity Commencement Date.")

Limitations Imposed by Retirement Plans and Employers

An employer or trustee who is the Owner under a retirement plan may limit certain rights you would otherwise have under a Contract. These limitations may restrict total and partial withdrawals, the amount or timing of purchase payments, the start of annuity payments, and the type of annuity options that you may select. You should familiarize yourself with the provisions of any retirement plan in which a Contract is used. We are not responsible for monitoring or assuring compliance with the provisions of any retirement plan.

Communications to Us

You should include, in communications to us, your Contract number, your name, and, if different, the Annuitant's name. You may direct communications to the addresses and phone numbers on the first page of this Prospectus.

Unless the Prospectus states differently, we will consider purchase payments or other communications to be received at our Home Office on the date we actually receive them, if they are in proper form. However, we will consider purchase payments to be received on the next Valuation Date if we receive them (1) after the close of regular trading on The New York Stock Exchange or (2) on a date that is not a Valuation Date.

Financial and Performance Information

We include financial statements of AGL and the WM Strategic Asset Manager Divisions of Separate Account D in the Statement of Additional Information. (See "Contents of Statement of Additional Information.") The Separate Account financial statements include information only about the Divisions that invest in the Portfolios and Funds of the Trust.

From time to time, the Separate Account may include in advertisements and other sales materials several types of performance information for the Divisions. This information may include "average annual total return," "total return," and "cumulative total return." The Money Market Fund Division may also advertise "effective yield."

SELECTED ACCUMULATION UNIT DATA (Unaudited)

The following tables show the Accumulation Unit ("AU") value for the Divisions available with the Contracts on the date purchase payments were first allocated to each Division. It also shows the Accumulation Unit values and the number of Accumulation Units outstanding at the end of each calendar year since each Division began operations.

<TABLE>
<CAPTION>

| Division | AU Value (Beginning of Period)/1/ | AU Value at 12/31/97/2/ | AU Value at 12/31/98 | AU Value at 12/31/99 | AU Value at 12/31/00 | AU Value at 12/31/01 | AU Value at 12/31/02 | AU Value at 12/31/03 | AU Value at 12/31/04 |
|------------------------|--|-------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <S> Flexible Income | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |

| | | | | | | | | | |
|---------------------------------------|--------|--------|--------|---------|--------|--------|--------|--------|--------|
| Portfolio Conservative Balanced | \$5.00 | \$5.09 | \$5.61 | \$ 6.01 | \$6.27 | \$6.48 | \$6.53 | \$7.29 | \$6.48 |
| Portfolio/3/ Balanced | \$5.05 | \$5.05 | \$5.21 | \$ 5.24 | \$5.42 | \$5.48 | \$5.28 | \$6.09 | \$5.48 |
| Portfolio Conservative | \$5.00 | \$5.19 | \$6.00 | \$ 7.56 | \$7.49 | \$7.39 | \$6.65 | \$8.05 | \$7.39 |
| Growth Portfolio | \$5.00 | \$5.20 | \$6.15 | \$ 8.45 | \$8.13 | \$7.73 | \$6.44 | \$8.18 | \$7.73 |
| Strategic Growth Portfolio | \$5.00 | \$5.31 | \$6.60 | \$ 9.64 | \$9.15 | \$8.46 | \$6.63 | \$8.70 | \$8.46 |
| Equity Income Fund | \$5.00 | -- | \$5.10 | \$ 5.16 | \$5.96 | \$6.34 | \$5.47 | \$7.02 | \$6.34 |
| Growth & Income Fund | \$5.00 | -- | \$5.27 | \$ 6.14 | \$6.19 | \$5.89 | \$4.58 | \$5.73 | \$5.89 |
| West Coast Equity Fund | \$5.00 | -- | \$5.42 | \$ 7.50 | \$7.86 | \$8.29 | \$6.33 | \$8.95 | \$8.29 |
| Mid Cap Stock Fund | \$5.00 | -- | -- | -- | \$5.82 | \$6.42 | \$5.68 | \$7.15 | \$6.42 |
| Growth Fund | \$5.00 | -- | \$6.51 | \$12.66 | \$9.73 | \$6.81 | \$4.63 | \$5.90 | \$6.81 |

</TABLE>

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<TABLE>
<CAPTION>

| Division | AU Value (Beginning of Period) /1/ ----- | AU Value at 12/31/97/2/ ----- | AU Value at 12/31/98 ----- | AU Value at 12/31/99 ----- | AU Value at 12/31/00 ----- | AU Value at 12/31/01 ----- | AU Value at 12/31/02 ----- | AU Value at 12/31/03 ----- | AU Value at 12/31/04 ----- |
|------------------------------------|--|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| Small Cap Growth Fund | \$5.00 | -- | \$5.26 | \$ 8.87 | \$7.83 | \$6.73 | \$3.51 | \$5.93 | \$6.73 |
| International Growth Fund | \$5.00 | -- | \$4.51 | \$ 6.76 | \$5.34 | \$4.33 | \$3.60 | \$4.81 | \$4.33 |
| Short Term Income Fund | \$5.00 | -- | \$5.12 | \$ 5.20 | \$5.55 | \$5.92 | \$6.20 | \$6.45 | \$5.92 |
| U.S. Government Securities Fund | \$5.00 | -- | \$5.15 | \$ 5.10 | \$5.52 | \$5.86 | \$6.30 | \$6.34 | \$5.86 |
| Income Fund | \$5.00 | -- | \$5.13 | \$ 4.95 | \$5.39 | \$5.75 | \$6.21 | \$6.72 | \$5.75 |
| Money Market Fund | \$5.00 | \$5.08 | \$5.26 | \$ 5.43 | \$5.66 | \$5.79 | \$5.79 | \$5.75 | \$5.79 |

</TABLE>

<TABLE>
<CAPTION>

| Division | AU Outstanding at 12/31/97/2/ ----- | AU Outstanding at 12/31/98 ----- | AU Outstanding at 12/31/99 ----- | AU Outstanding at 12/31/00 ----- |
|---------------------------------------|--|---|---|---|
| <S> | <C> | <C> | <C> | <C> |
| Flexible Income Portfolio | 19,655.774 | 197,772.388 | 3,439,144.532 | 5,785,165.233 |
| Conservative Balanced Portfolio | 0.000/3/ | 159,223.103 | 1,096,861.668 | 1,499,025.578 |
| Balanced Portfolio | 453,339.806 | 1,859,881.570 | 12,033,168.476 | 32,836,153.871 |
| Conservative Growth Portfolio | 264,038.616 | 1,637,321.182 | 8,513,968.886 | 28,335,202.170 |
| Strategic Growth Portfolio | 111,494.836 | 749,671.602 | 3,584,668.199 | 10,506,667.519 |
| Equity Income Fund | -- | 305,153.917 | 2,272,960.294 | 2,671,970.525 |
| Growth & Income Fund | -- | 502,841.030 | 5,205,744.062 | 9,352,990.287 |
| West Coast Equity Fund | -- | 58,117.270 | 1,091,631.484 | 3,024,359.456 |
| Mid Cap Stock Fund | -- | -- | -- | 394,124.813 |
| Growth Fund | -- | 232,430.131 | 4,728,611.423 | 10,071,085.242 |
| Small Cap Growth Fund | -- | 25,966.576 | 325,450.027 | 1,357,176.480 |
| International Growth Fund | -- | 30,476.828 | 288,477.422 | 915,393.029 |
| Short Term Income Fund | -- | 15,012.476 | 259,468.345 | 385,576.563 |
| U.S. Government Securities Fund | -- | 76,666.683 | 1,417,780.628 | 2,036,726.008 |
| Income Fund | -- | 91,650.920 | 791,572.990 | 1,259,062.641 |
| Money Market Fund | 17,424.448 | 148,140.839 | 694,836.836 | 1,905,969.912 |

<CAPTION>

| | AU | AU | AU | AU |
|-----------------|----------------|----------------|----------------|-------------|
| Division | Outstanding | Outstanding | Outstanding | Outstanding |
| ----- | at 12/31/01 | at 12/31/02 | at 12/31/03 | at 12/31/04 |
| ----- | ----- | ----- | ----- | ----- |
| <S> | <C> | <C> | <C> | <C> |
| Flexible Income | | | | |
| Portfolio | 8,182,975.352 | 9,808,934.082 | 7,868,316.436 | 8,182,975 |
| Conservative | | | | |
| Balanced | | | | |
| Portfolio | 2,351,793.582 | 2,261,546.551 | 2,035,584.995 | 2,351,794 |
| Balanced | | | | |
| Portfolio | 40,969,356.326 | 34,906,844.567 | 31,038,323.542 | 40,969,356 |
| Conservative | | | | |
| Growth | | | | |
| Portfolio | 33,856,563.630 | 26,163,599.894 | 21,673,180.428 | 33,856,564 |
| Strategic | | | | |
| Growth | | | | |
| Portfolio | 11,050,599.132 | 8,646,313.010 | 7,264,858.545 | 11,050,599 |
| Equity Income | | | | |
| Fund | 3,246,150.397 | 3,088,847.446 | 2,828,240.659 | 3,246,150 |
| Growth & Income | | | | |
| Fund | 9,551,972.874 | 7,300,111.330 | 5,917,060.683 | 9,551,973 |
| West Coast | | | | |
| Equity Fund | 3,331,295.113 | 2,712,340.482 | 2,486,638.457 | 3,331,295 |
| Mid Cap Stock | | | | |
| Fund | 823,142.998 | 915,142.688 | 803,239.487 | 823,143 |
| Growth Fund | 8,330,605.412 | 5,917,083.216 | 4,884,654.061 | 8,330,605 |
| Small Cap | | | | |
| Growth Fund | 1,240,993.128 | 1,002,626.559 | 927,137.008 | 1,240,993 |
| International | | | | |
| Growth Fund | 781,327.828 | 643,141.049 | 560,816.206 | 781,328 |
| Short Term | | | | |
| Income Fund | 520,841.088 | 816,941.328 | 683,336.872 | 520,841 |
| U.S. Government | | | | |
| Securities | | | | |
| Fund | 3,747,397.969 | 6,054,654.976 | 3,935,171.725 | 3,747,398 |
| Income Fund | 1,824,297.760 | 2,221,944.625 | 2,087,184.296 | 1,824,298 |
| Money Market | | | | |
| Fund | 3,412,875.657 | 3,980,318.493 | 2,191,061.078 | 3,412,876 |

</TABLE>

/1/ The dates when the Divisions commenced operations are as follows: Strategic Growth Portfolio, Conservative Growth Portfolio and Balanced Portfolio Divisions, June 2, 1997; Money Market Fund Division, July 16, 1997; Flexible Income Portfolio Division, September 8, 1997; Conservative Balanced Portfolio Division, April 22, 1998; Growth & Income Fund, West Coast Equity Fund and Growth Fund Divisions, April 29, 1998; Equity Income Fund Division, April 30, 1998; Short Term Income Fund Division, May 22, 1998; Small Cap Growth Fund and International Growth Fund Divisions, June 3, 1998; U.S. Government Securities Fund Division, June 10, 1998; Income Fund Division, June 24, 1998; Mid Cap Stock Fund Division, May 5, 2000. The Small Cap Growth Fund was previously known as the Small Cap Stock Fund.

/2/ Accumulation Unit Values and Accumulation Units Outstanding show only for those Divisions which commenced operations before January 1, 1998.

/3/ The Conservative Balanced Portfolio Division (previously named the Income Portfolio Division) originally commenced operations on October 22, 1997. The Division suspended operations during the period of November 4, 1997 through April 21, 1998. The unit value for the Division remained unchanged at \$5.05 for the entire period of suspended operations and is the value indicated for the beginning of the period. The unit value was the same when the Division recommenced operations on April 22, 1998 (the date we identify as "Beginning of Period").

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FINANCIAL INFORMATION

The financial statements of AGL appear in the Statement. Please see the first page of this Prospectus for information on how to obtain a copy of the Statement. You should consider the financial statements of AGL only as bearing on the ability of AGL to meet its contractual obligations under the Contracts. The financial statements do not bear on the investment performance of the Separate Account. (See "Contents of Statement of Additional Information.")

The financial statements of the WM Strategic Asset Manager Divisions of Separate Account D also appear in the Statement. They provide financial information about the WM Strategic Asset Manager Divisions which invest in the Series of the Trust. (See "Contents of Statement of Additional Information.")

AGL is a stock life insurance company organized under the laws of the State of Texas, which is a successor in interest to a company originally organized under the laws of the State of Delaware in 1917. AGL is an indirect, wholly-owned subsidiary of American General Corporation ("AGC"), which is wholly owned by American International Group, Inc. ("AIG"). The commitments under the Contracts are AGL's, and AGC and AIG have no legal obligation to back those commitments.

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

SEPARATE ACCOUNT D

AGL established Separate Account D on November 19, 1973. The Separate Account has 97 Divisions, 16 of which are available under the Contracts offered by this Prospectus. The Separate Account is registered with the Securities and Exchange Commission as a unit investment trust under the 1940 Act.

Each Division of the Separate Account is part of AGL's general business. The assets of the Separate Account belong to AGL. Under Texas law and the terms of the Contracts, the assets of the Separate Account will not be chargeable with liabilities arising out of any other business that AGL may conduct. These assets will be held exclusively to meet AGL's obligations under variable annuity Contracts. Furthermore, AGL credits or charges the Separate Account with the income, gains, and losses from the Separate Account's assets, whether or not realized, without regard to other income, gains, or losses of AGL.

THE SERIES

The Separate Account has 16 Divisions funding the variable benefits under the Contracts. These Divisions invest in shares of 16 Series (the five Portfolios and the 11 Funds) of the Trust.

The five "Portfolios" are funded by Series that operate differently from the other 11 "Series." You should carefully read the information described in "The Series" section of this prospectus. You can also find more information about the Portfolios in the Trust's prospectus.

The Trust offers Class 1 shares of these Series, without sales charges, to Separate Account D. The Trust may also offer shares to variable annuity and variable life insurance separate accounts of insurers that are not affiliated with AGL.

We do not foresee any disadvantage to you arising out of these arrangements. Nevertheless, differences in treatment under tax and other laws, as well as other considerations, could cause the interests of various owners to conflict.

For example, violation of the federal tax laws by one separate account investing in the Trust could cause the Contracts or other contracts funded through another separate account to lose their tax deferred status. Such a result might require us to take remedial action. A separate account may have to withdraw its participation in the Trust, if a material irreconcilable conflict arises among separate accounts. In such event, the Trust may have to liquidate portfolio securities at a loss to pay for a separate account's redemption of Trust shares. At the same time, the Trust's Board of Trustees and we will monitor events for any material irreconcilable conflicts that may possibly arise and determine what action, if any, to take to remedy or eliminate the conflict.

We automatically reinvest any dividends or capital gain distributions that we receive on shares of the Series held under Contracts. We reinvest at the Series' net asset value on the date payable. Dividends and distributions will reduce the net asset value of each

share of the corresponding Series and increase the number of shares outstanding of the Series by an equivalent value. However, these dividends and distributions do not change your Account Value.

The names of the Series of the Trust in which the available Divisions invest are as follows:

| | |
|-------------------------------|--------------------|
| ----- | |
| Strategic Growth Portfolio | Growth Fund |
| ----- | |
| Conservative Growth Portfolio | Mid Cap Stock Fund |
| ----- | |

| | |
|---------------------------------|---------------------------------|
| Balanced Portfolio | Small Cap Growth Fund |
| Conservative Balanced Portfolio | International Growth Fund |
| Flexible Income Portfolio | Short Term Income Fund |
| Equity Income Fund | U.S. Government Securities Fund |
| Growth & Income Fund | Income Fund |
| West Coast Equity Fund | Money Market Fund |

WM Advisors, Inc. is the investment advisor of each Series of the Trust. Capital Guardian Trust Company is the sub-advisor of the International Growth Fund. Salomon Brothers Asset Management, Inc., OppenheimerFunds, Inc. and Janus Capital Management LLP jointly sub-advise the Growth Fund. WM Funds Distributor, Inc. is the distributor of shares of each Series of the Trust. None of these companies are affiliated with AGL.

Before selecting any Division, you should carefully read the Trust prospectus, which is attached at the end of this Prospectus. The Trust prospectus discusses detailed information about the Series in which each Division invests, including investment objectives and policies, charges and expenses. The Trust prospectus also provides detailed information about the Trust's allocation of the assets of each Portfolio among the other Series of the Trust and the WM High Yield Fund (the "Underlying Funds"), and about the predetermined investment limits and the diversification requirements of the Code that govern this allocation ("allocation limitations"). Each Portfolio will invest in different combinations of the Underlying Funds. AGL understands that the effect of the Portfolios' allocation limitations is that each Portfolio will allocate its assets to at least five of the Underlying Funds. AGL also understands that the effect of the Portfolios' voting procedures is that Owners will have the privilege of voting Portfolio shares and not Underlying Fund shares. (See "Voting Privileges.") Please refer to the Trust prospectus for more details.

Lower-rated fixed income securities, such as those in which the Equity Income, Growth & Income, Growth, Small Cap Growth, and Income Funds may invest, are subject to greater risk of loss of income and principal and generally subject to greater market fluctuations than investments in lower yielding fixed income securities. You should carefully read about these Funds in the Trust's prospectus and related statement of additional information and consider your ability to assume the risks of making an investment in the Divisions which invest in them.

You may obtain additional copies of this Prospectus or the Trust's prospectus by contacting AGL's Annuity Administration Department at the addresses and phone numbers on the first page of this Prospectus. When making your request, please specify the Series in which you are interested.

Voting Privileges

The following people may give us voting instructions for Series shares held in the Separate Account Divisions attributable to their Contract:

- . You, as the Owner, before the Annuity Commencement Date, and
- . The Annuitant or other payee, during the Annuity Period.

We will vote according to such instructions at meetings of shareholders of the Series.

We will determine who is entitled to give voting instructions and the number of votes for which they may give directions as of the record date for a meeting. We will calculate the number of votes in fractions. We will calculate the number of votes for any Series as follows:

- . For each Owner before the Annuity Commencement Date, we will divide (1) the Owner's Variable Account Value invested in the corresponding Division by (2) the net asset value of one share of that Series.
- . For each Annuitant or payee during the Annuity Period, we will divide (1) our liability for future Variable Annuity Payments to the Annuitant or payee by (2) the value of an Annuity Unit. We will calculate our liability for future

Variable Annuity Payments based on the mortality assumptions and the assumed interest rate that we use in determining the number of Annuity Units under a Contract and the value of an Annuity Unit.

We will vote all shares of each Series owned by the Separate Account as follows:

- . Shares for which we receive instructions, in accordance with those instructions, and
- . Shares for which we receive no instructions, including any shares we own on our own behalf, in the same proportion as the shares for which we receive instructions.

Shares of each Series may be owned by separate accounts of insurance companies other than us. We understand that each Series will see that all insurance companies vote shares uniformly.

We believe that our voting instruction procedures comply with current federal securities law requirements. However, we reserve the right to modify these procedures to conform with legal requirements and interpretations that are put in effect or modified from time to time.

THE FIXED ACCOUNT

Amounts in the Fixed Account or supporting Fixed Annuity Payments become part of our General Account. We have not registered interests in the General Account under the Securities Act of 1933, and we have not registered the General Account as an investment company under the 1940 Act, based on federal law exclusion and exemption. The staff of the Securities and Exchange Commission has advised us that it has not reviewed the disclosures in this Prospectus that relate to the Fixed Account or Fixed Annuity Payments. At the same time, we have legal responsibility for the accuracy and completeness of this Prospectus.

The Fixed Account is not available under Contracts purchased in Oregon before November 20, 2000. For Contracts purchased in Oregon, all references in this prospectus to the Fixed Account apply to Contracts purchased on or after that same date.

Our obligations for the Fixed Account are legal obligations of AGL. Our General Account assets support these obligations. These General Account assets also support our obligations under other insurance and annuity contracts. Investments purchased with amounts allocated to the Fixed Account are the property of AGL. Owners have no legal rights in such investments.

Guarantee Periods

Account Value that the Owner allocates to the Fixed Account earns a Guaranteed Interest Rate beginning with the date of the allocation. This Guaranteed Interest Rate continues for the number of months or years that the Owner selects from among the Guarantee Periods that we then offer.

At the end of a Guarantee Period, we will allocate your Account Value in that Guarantee Period, including interest you have earned, to a new Guarantee Period of the same length. In the alternative, the Owner may submit a Written request to us to allocate this amount to a different Guarantee Period or Periods or to one or more of the Divisions of the Separate Account. We must receive this Written request before the end of the Guarantee Period.

We will contact the Owner regarding the scheduled Annuity Commencement Date, if the Owner has not provided the necessary Written request and the renewed Guarantee Period extends beyond the scheduled Annuity Commencement Date. If the Owner elects to annuitize in this case, we will, under certain circumstances, waive the Surrender Charge. (See "Annuity Payment Options" and "Surrender Charge.")

If the Owner does not annuitize on the scheduled Annuity Commencement Date, we will move the Annuity Commencement Date to the earlier of the end of the renewed Guarantee Period or the latest possible Annuity Commencement Date. (See "Annuity Commencement Date.")

The first day of the new Guarantee Period (or other reallocation) will be the day after the end of the prior Guarantee Period. We will notify the Owner in writing at least 30 days and not more than 60 days before the end of any Guarantee Period.

If the Owner's Account Value in a Guarantee Period is less than \$500, we reserve the right to transfer, without charge, the balance to the Money Market Fund Division at the end of that Guarantee Period. However, we will transfer such balance to another Division selected by the Owner, if we have received Written instructions to transfer such balance to that Division.

Crediting Interest

We declare the Guaranteed Interest Rate from time to time as market conditions dictate. We tell an Owner the Guaranteed Interest Rate for a Guarantee Period at the time we receive a purchase payment, make a transfer, or renew a Guarantee

Period. We may credit a different interest rate from one Guarantee Period to another Guarantee Period that is of the same length, but that began on a different date. The minimum Guaranteed Interest Rate is an effective annual rate of 3%.

AGL's management makes the final determination of the Guaranteed Interest Rates to be declared. AGL cannot predict or assure the level of any future Guaranteed Interest Rates in excess of the minimum Guaranteed Interest Rate stated in your Contract.

You may obtain information concerning the Guaranteed Interest Rates applicable to the various Guarantee Periods at any time from your sales representative or from the addresses or telephone numbers on the first page of this Prospectus.

New Guarantee Periods

Each allocation or transfer of an amount to a Guarantee Period starts the running of a new Guarantee Period for that amount. That new Guarantee Period will earn a Guaranteed Interest Rate that will continue unchanged until the end of that Period. The Guaranteed Interest Rate will never be less than the minimum Guaranteed Interest Rate stated in your Contract.

Each Guarantee Period has its own Guaranteed Interest Rate. Guarantee Periods can have different Guaranteed Interest Rates. We have the right to change the Guaranteed Interest Rate for future Guarantee Periods of various lengths. These changes will not affect the Guaranteed Interest Rates being paid on Guarantee Periods that have already started. Each allocation or transfer of an amount to a Guarantee Period starts the running of a new Guarantee Period for the amount allocated or transferred. That amount earns a Guaranteed Interest Rate that will continue unchanged until the end of that Period. The Guaranteed Interest Rate will never be less than the minimum Guaranteed Interest Rate stated in your Contract. We may offer one or more Guarantee Periods with a required dollar cost averaging feature. (See "Transfers.") Currently we make available a one-year Guarantee Period, and no others. However, we reserve the right to change the Guarantee Periods that we make available at any time. We will always offer at least one Guarantee Period if state law requires us to do so.

CONTRACT ISSUANCE AND PURCHASE PAYMENTS

As of August 1, 2002, no new Contracts will be issued; however, existing Contract Owners may continue to add to their existing Contracts. You may make purchase payments pursuant to employer sponsored plans only with our agreement.

Payments

You should make checks for subsequent purchase payments payable to American General Life Insurance Company and forward them directly to our Home Office. We also accept purchase payments by wire, by direct transfer from your checking, savings or brokerage account, or by exchange from another insurance company. You may obtain further information about how to make purchase payments by any of these methods from your sales representative or from us at the addresses and telephone numbers on the first page of this Prospectus. The minimum subsequent purchase payment is \$100. We will credit subsequent purchase payments as of the end of the Valuation Period in which we receive them and any required Written information at our Home Office.

Your purchase payments are allocated to the Divisions of the Separate Account or the Guarantee Period of the Fixed Account as of the date we credit the purchase payments to your Contract. In your application form, you select (in whole percentages) the amount of each purchase payment that you are allocating to each Division and Guarantee Period. You can change these allocation percentages at any time by Written notice to us.

Minimum Requirements

If your Account Value in any Division falls below \$500 because of a partial withdrawal from the Contract, we reserve the right to transfer, without charge, the remaining balance in that Division to the Money Market Fund Division.

If your Account Value in any Division falls below \$500 because of a transfer to another Division or to the Fixed Account, we reserve the right to transfer the remaining balance in that Division, without charge and pro rata, to the investment option or options to which the transfer was made. We will waive these minimum requirements for transfers under the dollar cost averaging and automatic rebalancing programs. (See "Transfers" and "Automatic Rebalancing.")

If your total Account Value falls below \$500, we may cancel the Contract. We consider such a cancellation a full surrender of the Contract. We will provide you with 60 days advance notice of any such cancellation.

So long as the Account Value does not fall below \$500, you do not have to make

further purchase payments. You may, however, elect to make subsequent purchase payments at any time before the Annuity Commencement Date, if the Owner and Annuitant are still living.

OWNER ACCOUNT VALUE

Before the Annuity Commencement Date, your Account Value under a Contract is the sum of your Variable Account Value and Fixed Account Value, as discussed below.

Variable Account Value

As of any Valuation Date before the Annuity Commencement Date:

- . Your Variable Account Value is the sum of your Variable Account Values in each Division of the Separate Account.
- . Your Variable Account Value in a Division is the product of the number of your Accumulation Units in that Division multiplied by the value of one such Accumulation Unit as of that Valuation Date.

There is no guaranteed minimum Variable Account Value. To the extent that your Account Value is allocated to the Separate Account, you bear the entire investment risk.

We credit Accumulation Units in a Division to you when you allocate purchase payments or transfer amounts to that Division. Similarly, we redeem Accumulation Units when you transfer or withdraw amounts from a Division or when we pay certain charges under the Contract. We determine the value of these Accumulation Units at the end of the Valuation Date on which we make the credit or charge.

The value of an Accumulation Unit for a Division on any Valuation Date is equal to the previous value of that Division's Accumulation Unit multiplied by that Division's net investment factor for the Valuation Period ending on that Valuation Date.

The net investment factor for a Division is determined by dividing (1) the net asset value per share of the Series shares held by the Division, determined at the end of the current Valuation Period, plus the per share amount of any dividend or capital gains distribution made for the Series shares held by the Division during the current Valuation Period, by (2) the net asset value per share of the Series shares held in the Division determined at the end of the previous Valuation Period. We then subtract from that result a factor representing the mortality risk, expense risk and administrative expense charge.

Fixed Account Value

As of any Valuation Date before the Annuity Commencement Date:

- . Your Fixed Account Value is the sum of your Fixed Account Value in all Guarantee Periods.
- . Your Fixed Account Value in a Guarantee Period is equal to the following amounts, in each case increased by accrued interest at the applicable Guaranteed Interest Rate: (1) the amount of net purchase payments, renewals and transferred amounts allocated to the Guarantee Period, less (2) the amount of any transfers or withdrawals out of the Guarantee Period, including withdrawals to pay applicable charges.

AGL guarantees the Fixed Account Value. AGL bears the investment risk for amounts allocated to the Fixed Account, except to the extent that AGL may vary the Guaranteed Interest Rate for future Guarantee Periods (subject to the 3% minimum Guaranteed Interest Rate stated in your Contract).

TRANSFER, AUTOMATIC REBALANCING, SURRENDER AND PARTIAL WITHDRAWAL OF OWNER ACCOUNT VALUE

Transfers

You can transfer your Account Value beginning 30 days after we issue your Contract and before the Annuity Commencement Date. The following rules apply:

- . You may transfer your Account Value at any time among the available Divisions of the Separate Account and the Guarantee Period. Transfers will be effective at the end of the Valuation Period in which we receive your Written or telephone transfer request.
- . If a transfer causes your Account Value in any Division or the Guarantee Period to fall below \$500, we reserve the right to transfer the remaining balance in that Division or the Guarantee Period in the same proportions as the transfer request.

- . You may make up to 12 transfers each Contract Year without charge. We will charge you \$25 for each additional transfer.
- . You may transfer no more than 25% of the Account Value you allocated to the Guarantee Period at its inception during any Contract Year. This 25% limitation does not apply to transfers from the Guarantee period (1) within 15 days before or after the end of the Guarantee Period in which you held the transferred amounts, or (2) a renewal at the end of the Guarantee Period to the same Guarantee Period.

You may establish an automatic transfer plan. (We also refer to this plan as a dollar cost averaging plan.) The rules about transfers, which we describe in this prospectus, will apply to this plan. Under this plan, we will automatically transfer amounts from any Division or the one-year Guarantee Period (or any other Guarantee Period that is available at that time) to one or more other variable Divisions. You will select:

- . the amount we are to transfer under the plan,
- . the frequency of the transfers - either monthly, quarterly, semi-annually, or annually, and
- . the duration of the plan.

We may also offer certain "special automatic transfer plans" to Owners who:

- . make new purchase payments, and
- . do not own another annuity contract which AGL, or any AGL affiliate, issued.

Under such plans, we will make equal monthly transfers over a period of time that we will determine. We may offer a higher Guaranteed Interest Rate under such a special automatic transfer plan than we would offer for another Guarantee Period of the same duration that is not offered under such a plan. Any such higher interest rate will reflect differences in costs or services and will not be unfairly discriminatory as to any person.

Differences in costs or services will result from such factors as reduced sales expenses or administrative efficiencies related to transferring amounts to other Divisions on an automatic, rather than a discretionary, basis.

Transfers under any automatic transfer plan will:

- . not count towards the 12 free transfers each Contract Year,
- . not incur a \$25 charge,
- . not be subject to the 25% limitation on transfers from the Guarantee Period, and
- . not be subject to the minimum Division Account Value requirement described above.

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You may obtain additional information about how to establish an automatic transfer plan from your sales representative or from us at the telephone numbers and addresses on the first page of this Prospectus. You cannot have an automatic transfer plan in effect at the same time you have Automatic Rebalancing, described below, in effect.

You can make transfers by telephone if you have completed a Telephone Transfer Authorization form and given it to us. The form provides certain rules about telephone transfers which you will have to follow. We will honor telephone transfer instructions from any person who provides the correct information. So there is a risk of possible loss to you if an unauthorized person uses this service in your name. Currently we try to limit the availability of telephone transfers only to the Owner of the Contract. We are not liable for any acts or omissions based upon telephone instructions that we reasonably believe to be genuine. We are not responsible for losses arising from errors in the communication of transfer instructions.

We have established procedures for accepting telephone transfer instructions, which include:

- . verification of the Contract number,
- . verification of the identity of the caller,
- . verification of both the Annuitant's and Owner's names, and
- . a form of personal identification from the caller.

We will mail to the Owner a written confirmation of the transaction. We might receive telephone transfer instructions from more than one person on the same day, or our recording equipment might malfunction. It may be impossible for you to make a telephone transfer at the time you wish. If this occurs, you should submit a Written transfer request. Also, we will not process the transaction if, due to malfunction or other circumstances, the recording of your telephone request is incomplete or not fully comprehensible. The phone number for telephone exchanges is 1-800-277-0914.

Automatic Rebalancing

You may arrange for Automatic Rebalancing among the Separate Account Divisions, if your Contract has an Account Value of \$25,000 or more at the time we receive the application for Automatic Rebalancing. You may apply for Automatic Rebalancing either at issue or after issue, and you may subsequently discontinue it. The five Portfolios are not available for automatic rebalancing.

Under Automatic Rebalancing, we transfer funds among the Separate Account Divisions to maintain the percentage allocation you have selected for each Division. At your election, we will make these transfers on a quarterly, semi-annual or annual basis, measured from the Contract Anniversary date. A Contract Anniversary date that falls on the 29th, 30th, or 31st of the month will result in Automatic Rebalancing starting with the 1st of the next month.

Automatic Rebalancing does not permit transfers to or from any Guarantee Period. Transfers under Automatic Rebalancing will not count towards the 12 free transfers each Contract Year and will not incur a \$25 charge. You cannot have Automatic Rebalancing in effect at the same time you have an automatic transfer plan, described above, in effect.

Market Timing

The Contracts 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 Contract 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 Contracts to determine if a Contract Owner requests:

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

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

If either of the above transactions occurs, we will suspend such Contract 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 Contract Owners or beneficiaries. Such notice of suspension will take the form of either a letter mailed to your last known address, or a telephone call from our Administrative Center to inform you that effective immediately, your same day or overnight delivery transfer privileges have been suspended. The suspension of Contract 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 Contract Owners the same.

In addition, Contract Owners incur a \$25 charge for each transfer in excess of 12 each year.

Surrenders

At any time before the Annuity Commencement Date and while the Annuitant is still living, the Owner may make a full surrender from a Contract.

We will pay you the following upon full surrender:

- . your Account Value at the end of the Valuation Period in which we

- receive a Written surrender request,
- . minus any applicable Surrender Charge,
- . minus any uncollected Contract Fee (see "Annual Contract Fee"), and
- . minus any applicable premium tax.

Our current practice is to require that you return the Contract to our Home Office with any request for a full surrender.

After a full surrender, or if the Owner's Account Value falls to zero, all rights of the Owner, Annuitant or any other person under the Contract will terminate. The Owner will, however have a right to reinvest the proceeds of the Contract. (See "One-Time Reinstatement Privilege.")

All collateral assignees of record must consent to any full surrender.

Partial Withdrawals

Your Written request for a partial withdrawal should specify the Divisions of the Separate Account, or the Guarantee Periods of the Fixed Account, from which you wish to make the partial withdrawal. We will take the withdrawal pro rata from the Divisions and the Guarantee Period, if (1) you do not tell us how to make the withdrawal, or (2) we cannot make the withdrawal as you requested.

Partial withdrawal requests must be for at least \$100 or, if less, all of your Account Value. If your remaining Account Value in a Division or Guarantee Period would be less than \$500 as a result of the withdrawal (except for the Money Market Fund Division), we reserve the right to transfer the remaining balance to the Money Market Fund Division. We will do this without charge.

We will always pay you the amount of your partial withdrawal request, except that we may deny your request for a partial withdrawal if it would reduce your Account Value below \$500. The value of your Accumulation Units and Fixed Account interests that we redeem will equal the amount of the withdrawal request, plus any applicable Surrender Charge and premium tax. You can also tell us to take Surrender Charges and income tax from the amount you want withdrawn.

We also make available a systematic withdrawal plan. Under this plan, you may make automatic partial withdrawals in amounts and at periodic intervals that you specify. The terms and conditions that apply to other partial withdrawals will also apply to this plan. You may obtain additional information about how to establish a systematic withdrawal plan from your sales representative or from us at the addresses and telephone numbers on the first page of this Prospectus. We reserve the right to modify or terminate the systematic withdrawal plan at any time.

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The Code imposes a penalty tax on certain premature surrenders or withdrawals. See the "Federal Income Tax Matters" section for a discussion of this and other tax implications of total surrenders and systematic and other partial withdrawals. This section also discusses tax withholding requirements.

All collateral assignees of record must consent to any partial withdrawal.

ANNUITY PERIOD AND ANNUITY PAYMENT OPTIONS

Annuity Commencement Date

The Annuity Commencement Date may be any day of any month up to the Annuitant's 100th birthday. (Pennsylvania has special limitations that require the Annuity Commencement Date to be no later than age 90, and as early as age 85. Oregon requires the Annuity Commencement Date to be no later than age 95.) You may select the Annuity Commencement Date in the Contract application. You may also change a previously selected date any time before that date by submitting a Written request, subject to our approval in most cases.

See "Federal Income Tax Matters" for a discussion of the penalties that may result from distributions before the Annuitant's reaching age 59 1/2 under any Contract or after April 1 of the year following the calendar year in which the Annuitant reaches age 70 1/2 under certain Qualified Contracts.

Application of Owner Account Value

We will automatically apply your Variable Account Value in any Division to provide Variable Annuity Payments based on that Division and your Fixed Account Value to provide Fixed Annuity Payments. However, we will apply your Account Value in different proportions, if you give us Written instructions at least 30 days before the Annuity Commencement Date.

We deduct any applicable state and local premium taxes from the amount of

Account Value that we apply to an Annuity Payment Option. In some cases, we may deduct a Surrender Charge from the amount we apply. (See "Surrender Charge.") Subject to any such adjustments, we apply your Variable and Fixed Account Values to an Annuity Payment Option, as discussed below, as of the end of the Valuation Period that contains the 10th day before the Annuity Commencement Date.

Fixed and Variable Annuity Payments

We will determine your first monthly Fixed or Variable Annuity Payment using the annuity tables in the Contract and the amount of your Account Value that is applied to provide the Fixed or Variable Annuity Payments.

We determine the amount of each monthly Fixed Annuity Payment thereafter based on the terms of the Annuity Payment Option selected.

We determine the amount of each monthly Variable Annuity Payment thereafter as follows:

- . We convert the Account Value that we apply to provide Variable Annuity Payments to a number of Annuity Units. We do this by dividing the amount of the first Variable Annuity Payment by the value of an Annuity Unit of a Division as of the end of the Valuation Period that includes the 10th day before the Annuity Commencement Date. This number of Annuity Units remains constant for any Annuitant.
- . We determine the amount of each subsequent Variable Annuity Payment by multiplying the number of Annuity Units by the value of an Annuity Unit as of the end of the Valuation Period that contains the 10th day before the date of each payment.
- . If we base the Variable Annuity Payments on more than one Division, we perform these calculations separately for each Division.
- . The value of an Annuity Unit at the end of a Valuation Period is the value of the Annuity Unit at the end of the previous Valuation Period, multiplied by the net investment factor (see "Variable Account Value") for the Valuation Period, with an offset for the 3.5% assumed interest rate used in the Contract's annuity tables.

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The Contract's annuity tables use a 3.5% assumed interest rate. A Variable Annuity Payment based on a Division will be greater than the previous month, if the Division's investment return for the month is at an annual rate greater than 3.5%. Conversely, a Variable Annuity Payment will be less than the previous month, if the Division's investment return is at an annual rate less than 3.5%.

Annuity Payment Options

Sixty to 90 days before the Scheduled Annuity Commencement Date, we will (1) notify you that the Contract is scheduled to mature, and (2) request that you select an Annuity Payment Option.

If you have not selected an Annuity Payment Option ten days before the Annuity Commencement Date, we will proceed as follows:

- . We will extend the Annuity Commencement Date to the Annuitant's 100th birthday, if the scheduled Annuity Commencement Date is any date before the Annuitant's 100th birthday; or
- . We will pay the Account Value, less any applicable charges and premium taxes, in one sum to you, if the scheduled Annuity Commencement Date is the Annuitant's 100th birthday.

The procedure just described is different in Pennsylvania and Oregon because the Annuity Commencement Date cannot exceed age 90 in Pennsylvania and age 95 in Oregon.

The Code imposes minimum distribution requirements on the Annuity Payment Option you choose in connection with Qualified Contracts. (See "Federal Income Tax Matters.") We are not responsible for monitoring or advising Owners whether they are meeting the minimum distribution requirements, unless we have received a specific Written request to do so.

Election of Annuity Payment Option

You may elect an Annuity Payment Option only if the initial annuity payment meets the following minimum requirements:

- . where you elect only Fixed or Variable Annuity Payments, the initial payment must be at least \$100; or
- . where you elect a combination of Variable and Fixed Annuity Payments,

the initial payment must be at least \$50 on each basis.

If the initial annuity payment falls below these amounts, we will reduce the frequency of annuity payments. If the initial payment still falls below these amounts, we will make a single payment to the Annuitant or other properly designated payee equal to your Account Value. We will deduct any applicable Surrender Charge, uncollected Annual Contract Fee and premium tax.

You may elect the annuity option that will apply for payments to a Beneficiary, if you or the Annuitant dies. If you have not made this election, the Beneficiary may do so within 60 days after the death proceeds become payable. (See "Death Proceeds.") Thereafter, the Beneficiary will have all the remaining rights and powers under the Contract and be subject to all of its terms and conditions. We will make the first annuity payment at the beginning of the second month following the month in which we approve the settlement request. We will credit Annuity Units based on Annuity Unit Values at the end of the Valuation Period that contains the 10th day before the beginning of that second month.

When an Annuity Payment Option becomes effective, you must deliver the Contract to our Home Office, in exchange for a payment contract providing for the option elected.

We provide information about the relationship between the Annuitant's gender and the amount of annuity payments, including any requirements for gender-neutral annuity rates and in connection with certain employee benefit plans under "Gender of Annuitant" in the Statement. (See "Contents of Statement of Additional Information.")

Available Annuity Payment Options

Each Annuity Payment Option, except Option 5, is available on both a fixed and variable basis. Option 5 is available on a fixed basis only.

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Option 1 - Life Annuity - We make annuity payments monthly during the lifetime of the Annuitant. These payments stop with the last payment due before the death of the Annuitant. We do not guarantee a minimum number of payments under this arrangement. For example, the Annuitant or other payee might receive only one annuity payment, if the Annuitant dies before the second annuity payment.

Option 2 - Life Annuity with 120, 180, or 240 Monthly Payments Certain - We make annuity payments monthly during the lifetime of an Annuitant. In addition, we guarantee that the Beneficiary will receive monthly payments for the remainder of the period certain, if the Annuitant dies during that period.

Option 3 - Joint and Last Survivor Life Annuity - We make annuity payments monthly during the lifetime of the Annuitant and another payee and during the lifetime of the survivor of the two. We stop making payments with the last payment before the death of the survivor. We do not guarantee a minimum number of payments under this arrangement. For example, the Annuitant or other payee might receive only one annuity payment if both die before the second annuity payment. The election of this option is ineffective if either one dies before the Annuity Commencement Date. In that case, the survivor becomes the sole Annuitant, and we do not pay death proceeds because of the death of the other Annuitant.

Option 4 - Payments for a Designated Period - We make annuity payments monthly to an Annuitant or other properly-designated payee, or at his or her death, to the Beneficiary, for a selected number of years ranging from five to 40. If this option is selected on a variable basis, the designated period may not exceed the life expectancy of the Annuitant or other properly-designated payee.

Under the fourth option, we provide no mortality guarantee, even though we reduce Variable Annuity Payments as a result of a charge to the Separate Account that is partially for mortality risks. (See "Charge to the Separate Account.")

A payee receiving Variable (but not Fixed) Annuity Payments under Option 4 can elect at any time to commute (terminate) the option and receive the current value of the annuity in a single sum. The current value of an annuity under Option 4 is the value of all remaining annuity payments, assumed to be level, discounted to present value at an annual rate of 3.5%. We calculate that value the next time we determine values after receiving your Written request for payment. The election of a single sum payment under Option 4 is the only way you may terminate any Annuity Payment Option once annuity payments have started.

Option 5 - Payments of a Specific Dollar Amount - We pay the amount due in equal monthly installments of a designated dollar amount until the remaining balance is less than the amount of one installment. The amount of each installment may not be less than \$125 or more than \$200 each year per \$1,000 of the original amount due. If the person receiving these payments dies, we continue to make the remaining payments to the Beneficiary. Payments under this option are available

on a fixed basis only. To determine the remaining balance at the end of any month, we decrease the balance at the end of the previous month by the amount of any installment paid during the month. We then apply, to the remainder, interest at a rate not less than 3.5% compounded annually. If the remaining balance at any time is less than the amount of one installment, we will pay the balance as the final payment under the option.

We reduce Variable Annuity Payments as a result of a charge to the Separate Account that is partially for mortality risks. (See "Charge to the Separate Account.")

The Code may treat the election of Option 4 or Option 5 in the same manner as a surrender of the total Account Value. For tax consequences of such treatment, see "Federal Income Tax Matters." In addition, the Code may not give tax-deferred treatment to subsequent earnings.

Alternative Amount Under Fixed Life Annuity Options - In the case of Fixed Annuity Payments under one of the first three Annuity Payment Options described above, we make a special election available. In that case, the Owner (or the Beneficiary, if the Owner has not elected a payment option) may elect monthly payments based on single payment immediate fixed annuity rates we offer at that time. This provision allows the Annuitant or other properly-designated payee to receive the fixed annuity purchase rate in effect for new single payment immediate annuity Contracts, if it is more favorable.

In place of monthly payments, you may elect payments on a quarterly, semi-annual or annual basis. In that case, we determine the amount of each annuity payment on a basis consistent with that described above for monthly payments.

Transfers

After the Annuity Commencement Date, the Annuitant or other properly designated payee may make one transfer every 180 days among the available Divisions of the Separate Account or from the Divisions to a Fixed Annuity Payment Option. We will assess no charge for the transfer. We do not permit transfers from a Fixed to a Variable Annuity Payment Option. If a transfer causes the

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value in any Division to fall below \$500, we reserve the right to transfer the remaining balance in that Division in the same proportion as the transfer request. We make transfers effective at the end of the Valuation Period in which we receive the Written transfer request at our Home Office. We reserve the right to terminate or restrict transfers at any time.

DEATH PROCEEDS

Death Proceeds Before the Annuity Commencement Date

The death proceeds described below are payable to the Beneficiary under the Contract if any of the following events occurs before the Annuity Commencement Date:

- . the Annuitant dies, and no Contingent Annuitant has been named under a Non-Qualified Contract;
- . the Annuitant dies, and we also receive proof of death of any named Contingent Annuitant; or
- . the Owner (including the first to die in the case of joint Owners) of a Non-Qualified Contract dies, regardless of whether the deceased Owner was also the Annuitant. (However, if the Beneficiary is the Owner's surviving spouse, the surviving spouse may elect to continue the Contract as described later in this section).

The death proceeds, before deduction of any premium taxes and other applicable taxes, will equal the greatest of:

- . the sum of all net purchase payments made (less any premium taxes and other applicable taxes we deducted previously and all prior partial withdrawals);
- . the Owner's Account Value as of the end of the Valuation Period in which we receive, at our Home Office, proof of death and the Written request as to the manner of payment; or
- . the "highest anniversary value" before the date of death, as defined below.

The highest anniversary value before the date of death will be determined as follows:

- (a) First, we will calculate the Account Values at the end of

each of the past Contract Anniversaries that occurs before the deceased's 81st birthday. (We will thereafter use only the Contract Anniversary Account Values that occurred before the deceased's 81st birthday.);

- (b) Second, we will increase each of the Account Values by the amount of net purchase payments the Owner has made since the end of such Contract Anniversaries; and
- (c) Third, we will reduce the result by the amount of any withdrawals the Owner has made since the end of such Contract Anniversaries.

The highest anniversary value will be an amount equal to the highest of such values. Net purchase payments are purchase payments less applicable taxes deducted at the time the purchase payment is made.

The death proceeds become payable to the Beneficiary when we receive:

- . proof of the Owner's or Annuitant's death, and
- . a Written request from the Beneficiary specifying the manner of payment.

If the Owner has not already done so, the Beneficiary may, within 60 days after the date the death proceeds become payable, elect to receive the death proceeds as (1) a single sum or (2) in the form of one of the Annuity Payment Options provided in the Contract. (See "Annuity Payment Options.") If we do not receive a request specifying the manner of payment, we will make a single sum payment, based on values we determine at that time.

If the Owner (including the first to die if there are joint Owners) under a Non-Qualified Contract dies before the Annuity Commencement Date, we will distribute all amounts payable under the Contract in accordance with the following rules:

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- . We will distribute all amounts:
 - (a) within five years of the date of death, or
 - (b) if the Beneficiary elects, as annuity payments, beginning within one year of the date of death and continuing over a period not extending beyond the life or life expectancy of the Beneficiary.
- . If the Beneficiary is the Owner's surviving spouse, the spouse may elect to continue the Contract as the new Owner. If the original Owner was the Annuitant, the surviving spouse may also elect to become the new Annuitant.
- . If the Owner is not a natural person, these distribution requirements apply at the death of the primary Annuitant, within the meaning of the Code. Under a parallel section of the Code, similar requirements apply to retirement plans for which we issue Qualified Contracts.

Failure to satisfy the requirements described in this Section may result in serious adverse tax consequences.

Death Proceeds After the Annuity Commencement Date

If the Annuitant dies on or after the Annuity Commencement Date, the amounts payable to the Beneficiary or other properly designated payee are any continuing payments under the Annuity Payment Option in effect. (See "Annuity Payment Options.") In such case, the payee will:

- . have all the remaining rights and powers under a Contract, and
- . be subject to all the terms and conditions of the Contract.

Also, if the Annuitant dies on or after the Annuity Commencement Date, no previously named Contingent Annuitant can become the Annuitant.

If the payee under a Non-Qualified Contract dies after the Annuity Commencement Date, we will distribute any remaining amounts payable under the terms of the Annuity Payment Option at least as rapidly as under the method of distribution in effect when the payee dies. If the payee is not a natural person, this requirement applies upon the death of the primary Annuitant, within the meaning of the Code.

Under a parallel section of the Code, similar requirements apply to retirement

plans for which we issue Qualified Contracts.

Failure to satisfy requirements described in this section may result in serious adverse tax consequences.

Proof of Death

We accept the following as proof of any person's death:

- . a certified death certificate;
- . a certified decree of a court of competent jurisdiction as to the finding of death;
- . a written statement by a medical doctor who attended the deceased at the time of death; or
- . any other proof satisfactory to us.

Once we have paid the death proceeds, the Contract terminates, and our obligations are complete.

CHARGES UNDER THE CONTRACTS

Premium Taxes

When applicable, we will deduct premium taxes imposed by certain states. We may deduct such amount either at the time the tax is imposed or later. We may deduct the amount as follows:

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- . from purchase payment(s) when received;
- . from the Owner's Account Value at the time annuity payments begin;
- . from the amount of any partial withdrawal; or
- . from proceeds payable upon termination of the Contract for any other reason, including death of the Owner or Annuitant, and surrender of the Contract.

If premium tax is paid, AGL may reimburse itself for the tax when making the deduction under the second, third, and fourth items on the list immediately above, by multiplying the sum of Purchase Payments being withdrawn by the applicable premium tax percentage.

Applicable premium tax rates depend upon the Owner's then-current place of residence. Applicable rates currently range from 0% to 3.5%. The rates are subject to change by legislation, administrative interpretations, or judicial acts. We will not make a profit on this charge.

Surrender Charge

The Surrender Charge reimburses us for part of our expenses in distributing the Contracts. We believe, however, that the amount of our expenses will exceed the amount of revenues generated by the Surrender Charge. We will pay for extra expenses out of our general surplus, which might include profits from the charge for the assumption of mortality and expense risks.

Unless a withdrawal is exempt from the Surrender Charge (as discussed below), the Surrender Charge is a percentage of the amount of each purchase payment that you withdraw during the first seven years after we receive that purchase payment. The percentage declines depending on how many years have passed since we originally credited the withdrawn purchase payment to your Account Value, as follows:

| Year of Purchase Payment Withdrawal | Surrender Charge as a Percentage of Purchase Payment Withdrawn |
|--|--|
| 1st | 7% |
| 2nd | 6% |
| 3rd | 5% |
| 4th | 5% |
| 5th | 4% |
| 6th | 3% |
| 7th | 2% |
| Thereafter | 0% |

In computing the Surrender Charge, we deem withdrawals from your Account Value to consist first of purchase payments, in order of contribution, followed by any

amounts in excess of purchase payments. The Surrender Charge will apply to the following transactions, which we consider to be withdrawals:

- . total surrender;
- . partial withdrawal;
- . commencement of an Annuity Payment Option; and
- . termination due to insufficient Account Value.

The Surrender Charge will not apply to withdrawals in the following circumstances:

- . to the amount of withdrawals that exceeds the cumulative amount of your purchase payments;
- . upon death of the Annuitant, at any age, after the Annuity Commencement Date;

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- . upon death of the Annuitant, at any age, before the Annuity Commencement Date, provided no Contingent Annuitant survives;
- . upon death of the Owner, including the first to die in the case of joint Owners of a Non-Qualified Contract, unless the Contract continues under the special rule for a surviving spouse;
- . upon annuitization over at least ten years, or life contingent annuitization where the life expectancy is at least ten years;
- . within the 30-day window under the One-Time Reinstatement Privilege;
- . if the Annuitant is confined to a long-term care facility or is subject to a terminal illness (see "Long-Term Care and Terminal Illness");
- . to the portion of your first withdrawal or total surrender in any Contract Year that does not exceed the greater of (1) 15% of your Purchase Payments that have not previously been withdrawn and that have been credited to your Contract for less than seven years, or (2) 15% of your Account Value, in each Contract Year, calculated as of the end of the previous Contract Anniversary, less any amounts that have been withdrawn during such Contract Year. For example, let's say we issued your Contract on February 15, 2000 with a Purchase Payment of \$100,000. You make no withdrawals or additional Purchase Payments during the first Contract Year. Let's assume your Account Value at the end of your first Contract Year, February 15, 2001, had grown to \$110,000. You may withdraw the greater of 15% of your \$100,000 Purchase Payment (\$15,000), or 15% of your \$110,000 Account Value (\$16,500), without a Surrender Charge. Because \$16,500 is greater than \$15,000, you can withdraw \$16,500 without a Surrender Charge. (If we issued your Contract before February 15, 2000, this section is different for you. See "Special Surrender Charge Rules for Contracts Issued After October 1, 1998 and Before February 15, 2000" or "Special Surrender Charge Rules for Contracts Issued Before October 2, 1998."); and
- . to any amounts withdrawn that are in excess of the amount permitted by the 15% free withdrawal privilege, described above, if you are withdrawing the amounts to obtain or retain favorable tax treatment. For example, under certain circumstances the income and estate tax benefits of a charitable remainder trust may be available only if you withdraw assets from a Contact funding the trust more rapidly than the 15% free withdrawal privilege permits. This exception is subject to our approval.

If you make multiple withdrawals during a Contract Year, we will recalculate the amount eligible for the free withdrawal at the time of each withdrawal. You may make non-automatic and automatic withdrawals in any Contract Year subject to the 15% limitation. For withdrawals under a systematic withdrawal plan, Purchase Payments credited for 30 days or more are eligible for the 15% free withdrawal privilege. We add all withdrawals and charge you a Surrender Charge only on amounts that exceed the 15% free withdrawal privilege. See the discussion under "Surrender Charge" for an explanation of how we calculate the Surrender Charge.

We do not consider a free withdrawal under any of the foregoing Surrender Charge exceptions to be a withdrawal of purchase payments, except for purposes of computing the 15% free withdrawal privilege described in the preceding paragraph. The Code may impose a penalty on distributions if the recipient is under age 59 1/2. (See "Penalty Tax on Premature Distributions.")

If you select an Annuity Payment Option that does not qualify for a Surrender Charge exception above, we use the amount payable to the Owner upon full surrender of a Contract (see "Surrenders") to pay for the Annuity Payment Option.

Special Surrender Charge Rules for Contracts Issued After October 1, 1998 and Before February 15, 2000

If we issued your Contract after October 1, 1998 and before February 15, 2000, your 15% free withdrawal privilege differs from the free withdrawal privilege described in the previous section. We use a different formula to calculate the amount you can withdraw from your Contract without a Surrender Charge. The following section discusses this different formula.

If we issued your Contract after October 1, 1998 and before February 15, 2000, the Surrender Charge will not apply to withdrawals in the following circumstances:

- . to the portion of your first withdrawal or total surrender in any Contract Year that does not exceed 15% of the amount of your purchase payments that (1) have not previously been withdrawn and (2) have been credited to the Contract for at least one year. (If you make multiple withdrawals during a Contract Year, we will recalculate the amount eligible for the free withdrawal at the time of each withdrawal. After the first Contract Year, you may make non-automatic and

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automatic withdrawals in the same Contract Year subject to the 15% limitation. For withdrawals under a systematic withdrawal plan, Purchase Payments credited for 30 days or more are eligible for the 15% free withdrawal); and

- . to any amounts withdrawn that are in excess of the amount permitted by the 15% free withdrawal privilege, described above, if you are withdrawing the amounts to obtain or retain favorable tax treatment. (For example, under certain circumstances the income and estate tax benefits of a charitable remainder trust may be available only if you withdraw assets from a Contract funding the trust more rapidly than the 15% free withdrawal privilege permits. This exception is subject to our approval.)

We do not consider a free withdrawal under any of the foregoing Surrender Charge exceptions to be a withdrawal of purchase payments, except for purposes of computing the 15% free withdrawal described in the preceding paragraph. The Code may impose a penalty on distributions if the recipient is under age 59 1/2. (See "Penalty Tax on Premature Distributions.")

If you select an Annuity Payment Option that does not qualify for a Surrender Charge exception above, we use the amount payable to the Owner upon full surrender of a Contract (see "Surrenders") to pay for the Annuity Payment Option.

Special Surrender Charge Rules for Contracts Issued Before October 2, 1998

The 15% free withdrawal privilege discussed above is a 10% free withdrawal privilege if we issued your Contract before October 2, 1998. The 10% limit is the only difference in your free withdrawal privilege. The affected discussion follows, using "10%" in place of "15%."

If we issued your Contract before October 2, 1998, the Surrender Charge will not apply to withdrawals in the following circumstances:

- . to the portion of your first withdrawal or total surrender in any Contract Year that does not exceed 10% of the amount of your purchase payments that (1) have not previously been withdrawn and (2) have been credited to the Contract for at least one year. (If you make multiple withdrawals during a Contract Year, we will recalculate the amount eligible for the free withdrawal at the time of each withdrawal. After the first Contract Year, you may make non-automatic and automatic withdrawals in the same Contract Year subject to the 10% limitation. For withdrawals under a systematic withdrawal plan, Purchase Payments credited for 30 days or more are eligible for the 10% free withdrawal); and
- . to any amounts withdrawn that are in excess of the amount permitted by the 10% free withdrawal privilege, described above, if you are withdrawing the amounts to obtain or retain favorable tax treatment. (For example, under certain circumstances the income and estate tax benefits of a charitable remainder trust may be available only if you withdraw assets from a Contract funding the trust more rapidly than the 10% free withdrawal privilege permits. This exception is subject to our approval.)

We do not consider a free withdrawal under any of the foregoing Surrender Charge exceptions to be a withdrawal of purchase payments, except for purposes of computing the 10% free withdrawal described in the preceding paragraph. The Code may impose a penalty on distributions if the recipient is under age 59 1/2. (See "Penalty Tax on Premature Distributions.")

If you select an Annuity Payment Option that does not qualify for a Surrender Charge exception above, we use the amount payable to the Owner upon full surrender of a Contract (see "Surrenders") to pay for the Annuity Payment Option.

Transfer Charges

We describe the charges assessed to pay the expense of making transfers under "Transfer, Automatic Rebalancing, Surrender and Partial Withdrawal of Owner Account Value - Transfers" and "Annuity Period and Annuity Payment Options - Transfers." These charges are not designed to yield a profit.

Annual Contract Fee

We will deduct an Annual Contract Fee of \$35 from your Account Value at the end of each Contract Year before the Annuity Commencement Date. (The Fee is \$30 for Contracts issued in the State of North Dakota.) This Fee is for administrative expenses (which do not include expenses of distributing the Contracts). We do not expect the revenues we derive from this Fee to exceed the expenses. Unless paid directly, the Fee will be allocated among the Guarantee Period and Divisions in proportion to your Account Value in each. We will deduct the entire Fee for the year from the proceeds of any full surrender. We reserve the right to waive the Fee.

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Charge to the Separate Account

We deduct from Separate Account assets a daily charge at an annualized rate of 1.40% of the average daily net asset value of the Separate Account attributable to the Contracts. This charge (1) offsets administrative expenses not covered by the Annual Contract Fee discussed above and (2) compensates us for assuming mortality and expense risks under the Contracts. The 1.40% charge divides into 0.15% for administrative expenses and 1.25% for the assumption of mortality and expense risks.

We do not expect to earn a profit on that portion of the charge that is for administrative expenses. However, we do expect to derive a profit from the portion that is for the assumption of mortality and expense risks. There is no necessary relationship between the amount of administrative charges deducted for a given Contract and the amount of expenses actually attributable to that Contract.

In assuming the mortality risk, we incur the risks that:

- . our actuarial estimate of mortality rates may prove erroneous,
- . Annuitants will live longer than expected, and
- . more Owners or Annuitants than expected will die at a time when the death benefit we guarantee is higher than the net surrender value of their interests in the Contracts.

In assuming the expense risk, we incur the risk that the revenues from the expense charges under the Contracts (charges that we guarantee will not increase) will not cover our expense of administering the Contracts.

Miscellaneous

Each Series pays charges and expenses out of its assets. The Prospectus for each Series describes the charges and expenses. We reserve the right to impose charges or establish reserves for any federal or local taxes that we incur today or may incur in the future and that we deem attributable to the Contracts.

Systematic Withdrawal Plan

You may make automatic partial withdrawals, at periodic intervals, through a systematic withdrawal program. Minimum payments are \$100. You may choose from schedules of monthly, quarterly, semi-annual, or annual payments. You may start, stop, increase, or decrease payments. You may elect to (1) start withdrawals as early as 30 days after the issue date of the Contract and (2) take withdrawals from the Fixed Account or any Division. Systematic withdrawals are subject to the terms and conditions applicable to other partial withdrawals, including Surrender Charges and exceptions to Surrender Charges.

One-Time Reinstatement Privilege

If your Account Value at the time of surrender is at least \$500, you may elect to reinvest all of the proceeds that you liquidated from the Contract within the previous 30 days. In this case, we will credit the Surrender Charge and the Annual Contract Fee, if a new Annual Contract Fee is not then due, back to the Contract. We will reinvest the proceeds at the value we next compute following the date of receipt of the proceeds. Unless you request otherwise, we will allocate the proceeds among the Divisions and Guarantee Periods in the same proportions as before surrender. We will compute any subsequent Surrender Charge as if we had issued the Contract at the date of reinstatement for a purchase payment in the amount of the net surrender proceeds. You may use this privilege only once.

This privilege is not available under Contracts purchased in Oregon.

Reduction in Surrender Charges or Administrative Charges

We may reduce the Surrender Charges or administrative charges imposed under certain Qualified Contracts for employer sponsored plans. Any such reductions will reflect differences in costs or services and will not be unfairly discriminatory as to any person. Differences in costs and services result from factors such as reduced sales expenses or administrative efficiencies relating to serving a large number of employees of a single employer and functions assumed by the employer that we otherwise would have to perform.

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LONG-TERM CARE AND TERMINAL ILLNESS

The rider we describe below is not available in all states. You should ask your sales representative or our Home Office to tell you if it applies to you. There is no separate charge for this rider.

Long-Term Care

We describe long-term care in a special Contract rider. No Surrender Charge will apply to a partial withdrawal or total surrender made during any period of time that the Annuitant is confined continuously for 30 days or more (or within 30 days after discharge) in a hospital or state-licensed in-patient nursing facility. You must give us Written proof of such confinement.

Terminal Illness

The same rider provides that no Surrender Charge will apply to a partial withdrawal or total surrender if you give us a physician's Written certification that the Annuitant is terminally ill and not expected to live more than twelve months. We must waive or exercise our right to a second physician's opinion.

OTHER ASPECTS OF THE CONTRACTS

Only an officer of AGL can agree to change or waive the provisions of any Contract. The Contracts are non-participating, which means they are not entitled to share in any dividends, profits or surplus of AGL.

Owners, Annuitants, and Beneficiaries; Assignments

You, as the Owner of a Contract, will be the same as the Annuitant, unless you choose a different Annuitant when you purchase a Contract. In the case of joint ownership, both Owners must join in the exercise of any rights or privileges under the Contract. You choose the Annuitant and any Contingent Annuitant in the application for a Contract and may not change that choice.

You choose the Beneficiary and any Contingent Beneficiary when you purchase a Contract. You may change a Beneficiary or Contingent Beneficiary before the Annuity Commencement Date, while the Annuitant is still alive. The payee may make this change after the Annuity Commencement Date.

We will make any designation of a new Beneficiary or Contingent Beneficiary effective as of the date it is signed. However, the change in designation will not affect any payments we make or action we take before we receive the Written request. We also need the Written consent of any irrevocably-named Beneficiary or Contingent Beneficiary before we make a change. Under certain retirement programs, the law may require spousal consent to name or change a Beneficiary to a person other than the spouse. We are not responsible for the validity of any designation of a Beneficiary or Contingent Beneficiary.

If the Beneficiary or Contingent Beneficiary is not living at the time we are to make any payment, you as the Owner will be the Beneficiary. If you are not then living, your estate will be the Beneficiary.

Owners and other payees may assign their rights under Qualified Contracts only in certain narrow circumstances referred to in the Contracts. Owners and other payees may assign their rights under Non-Qualified Contracts, including their

ownership rights. We take no responsibility for the validity of any assignment. Owners must make a change in ownership rights in Writing and send a copy to our Home Office. We will make the change effective on the date it was made. However, we are not bound by a change until the date we record it. The rights under a Contract are subject to any assignment of record at our Home Office. An assignment or pledge of a Contract may have adverse tax consequences. (See "Federal Income Tax Matters.")

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Reports

We will mail to Owners (or anyone receiving payments following the Annuity Commencement Date), any reports and communications required by applicable law. We will mail to the last known address of record. You should give us prompt written notice of any address change.

Rights Reserved by Us

Upon notice to the Owner, we may modify a Contract to the extent necessary to:

- . reflect a change in the Separate Account or any Division;
- . create new separate accounts;
- . operate the Separate Account in any form permitted under the 1940 Act or in any other form permitted by law;
- . transfer any assets in any Division to another Division, or to one or more separate accounts, or the Fixed Account;
- . add, combine or remove Divisions in the Separate Account, or combine the Separate Account with another separate account;
- . add, restrict or remove Guarantee Periods of the Fixed Account;
- . make any new Division available to you on a basis we determine;
- . substitute, for the shares held in any Division, the shares of another Series or the shares of another investment company or any other investment permitted by law;
- . make any changes required by the Code or by any other law, regulation or interpretation to continue treatment of the Contract as an annuity;
- . commence deducting premium taxes or adjust the amount of premium taxes deducted in accordance with state laws that apply; or
- . make any changes required to comply with the rules of any Series.

When required by law, we will obtain (1) your approval of changes and (2) the approval of any appropriate regulatory authority.

Payment and Deferment

We will normally pay amounts surrendered or withdrawn from a Contract within seven calendar days after the end of the Valuation Period in which we receive the Written surrender or withdrawal request at our Home Office. A Beneficiary may request the manner of payment of death proceeds within 60 days after the death proceeds become payable. If we do not receive a Written request specifying the manner of payment, we will pay the death benefit as a single sum, normally within seven calendar days after the end of the Valuation Period that contains the last day of the 60 day period. We reserve the right, however, to defer payments or transfers out of the Fixed Account for up to six months. Also, we reserve the right to defer payment of that portion of your Account Value that is attributable to a purchase payment made by check for a reasonable period of time (not to exceed 15 days) to allow the check to clear the banking system.

Finally, we reserve the right to defer payment of any surrender, annuity payment, or death proceeds out of the Variable Account Value if:

- . the New York Stock Exchange is closed other than customary weekend and holiday closings, or trading on the New York Stock Exchange is restricted as determined by the SEC;
- . the SEC determines that an emergency exists, as a result of which disposal of securities held in a Division is not reasonably practicable or it is not reasonably practicable to fairly determine the Variable Account Value; or

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. the SEC by order permits the delay for the protection of Owners.

We may also postpone transfers and allocations of Account Value among the Divisions and the Fixed Account under these circumstances.

FEDERAL INCOME TAX MATTERS

General

We cannot comment on all of the federal income tax consequences associated with the Contracts. Federal income tax law is complex. Its application to a particular person may vary according to facts peculiar to the person. Consequently, we do not intend for you to take this discussion as tax advice. You should consult with your tax advisor before purchasing a Contract or if you have any questions about contributions, distributions, or limitations as discussed below.

We base this discussion on our understanding of the law, regulations and interpretations existing on the date of this Prospectus. Congress, in the past, has enacted legislation changing the tax treatment of annuities in both the Qualified and the Non-Qualified markets and may do so again in the future. The Treasury Department may issue new or amended regulations or other interpretations of existing tax law. The courts may also interpret the tax law in ways that affect the tax treatment of annuities. Any such change could have a retroactive effect. We suggest that you consult your legal or tax advisor on these issues.

The discussion does not address federal estate and gift tax, or social security tax, or any state or local tax consequences associated with the Contracts.

Non-Qualified Contracts

Purchase Payments. Purchasers of a Contract that does not qualify for special tax treatment and is "Non-Qualified" may not deduct from their gross income the amount of purchase payments made.

Tax Deferral Before Annuity Commencement Date. Owners who are natural persons are not taxed currently on (1) increases in their Account Value resulting from interest earned in the Fixed Account, or (2) the investment experience of the Separate Account so long as the Separate Account complies with certain diversification requirements. These requirements mean that the Separate Account must invest in Series that are "adequately diversified" in accordance with Treasury Department regulations. We do not control the Series, but we have received commitments from the investment advisors to the Series that they will use their best efforts to operate the Series in compliance with these diversification requirements. A Contract investing in a Series that failed to meet the diversification requirements would subject Owners to current taxation of income in the Contract for the period of such diversification failure (and any subsequent period). Income means the excess of the Account Value over the Owner's investment in the Contract (discussed below).

Control over allocation of values among different investment alternatives may cause Owners or persons receiving annuity payments to be treated as the owners of the Separate Account's assets for federal income tax purposes. However, current regulations do not provide guidance as to how to avoid this result. We reserve the right to amend the Contracts in any way necessary to avoid this result. The Treasury Department has stated that it may establish standards through regulations or rulings. These standards may apply only prospectively, although they could apply retroactively if the Treasury Department considers the standards not to reflect a new position.

Owners that are not natural persons - that is, Owners such as corporations - are taxed currently on annual increases in their Account Value, unless an exception applies. Exceptions apply for, among other things, Owners that are not natural persons but that hold a Contract as an agent for a natural person.

Taxation of Annuity Payments. Part of each annuity payment received after the Annuity Commencement Date is excludible from gross income through the use of an exclusion ratio.

In the case of Fixed Annuity Payments, the excludible portion of each payment is found by multiplying:

- . the amount paid, by
- . the ratio of the investment in the Contract (discussed below) to the expected return under the Fixed Annuity Payment Option.

In the case of Variable Annuity Payments, the excludible portion of each payment is the investment in the Contract divided by the number of expected payments.

In both cases, the remaining portion of each annuity payment, and all payments made after the investment in the Contract has been reduced to zero, are included in the payee's income. Should annuity payments stop on account of the death of the Annuitant before the investment in the Contract has been fully paid out, the payee is allowed a deduction for the unpaid amount. If the payee is the Annuitant, the deduction is taken on the final tax return. If the payee is a Beneficiary, that Beneficiary may receive the balance of the total investment as payments are made or on the Beneficiary's final tax return. An Owner's "investment in the Contract" is the amount equal to the portion of purchase payments made by or on behalf of the Owner that have not been excluded or deducted from the individual's gross income, less amounts previously received under the Contract that were not included in income.

Taxation of Partial Withdrawals and Total Surrenders. Partial withdrawals from a Contract are includible in income to the extent that the Owner's Account Value exceeds the investment in the Contract. In the event you surrender a Contract in its entirety, the amount of your investment in the Contract is excludible from income, and any amount you receive in excess of your investment in the Contract is includible in income. All annuity contracts or certificates we issue to the same Owner during any calendar year are aggregated for purposes of determining the amount of any distribution that is includible in gross income.

Penalty Tax on Premature Distributions. In the case of such a distribution, there may be imposed a federal tax penalty equal to 10% of the amount treated as taxable income. The penalty tax will not apply, however, to distributions:

- . made on or after the recipient reaches age 59 1/2;
- . made on account of the recipient's becoming disabled;
- . that are made after the death of the Owner before the Annuity Commencement Date or of the payee after the Annuity Commencement Date (or if such person is not a natural person, that are made after the death of the primary Annuitant, as defined in the Code); or
- . that are part of a series of substantially equal periodic payments made at least annually over the life (or life expectancy) of the taxpayer and the joint life (or joint life expectancies) of the taxpayer and the Beneficiary, provided such payments are made for a minimum of 5 years or until the taxpayer attains age 59 1/2, whichever is later and the distribution method is not changed before the end of that period (except in the case of death, disability or pursuant to IRS regulations).

Premature distributions may result from an early Annuity Commencement Date, an early surrender, partial withdrawal from or an assignment of a Contract, or the early death of an Annuitant, unless the third clause listed above applies.

Payment of Death Proceeds. Special rules apply to the distribution of any death proceeds payable under the Contract. (See "Death Proceeds.")

Assignments and Loans. An assignment, loan, or pledge under a Non-Qualified Contract is taxed in the same manner as a partial withdrawal, as described above. Repayment of a loan or release of an assignment or pledge is treated as a new purchase payment.

Individual Retirement Annuities ("IRAs")

Purchase Payments. Individuals who are not active participants in a tax qualified retirement plan may, for 2005, deduct from their taxable income purchase payments made to an IRA equal to the lesser of \$4,000 or 100% of the individual's earned income. If you are age 50 or older, the \$4,000 limit increases to \$4,500. In the case of married individuals filing a joint return, the deduction will, in general, be the lesser of \$8,000 or 100% of the combined earned income of both spouses, reduced by any deduction for an IRA purchase payment allowed to the spouse (maximum \$9,000 if both are age 50 or older). Single persons who participate in a tax-qualified retirement plan and who have adjusted gross income of not more than \$50,000 may fully deduct their IRA purchase payments. Those who have adjusted gross income in excess of \$60,000 will not be able to deduct purchase payments. For those with adjusted gross income in the range between \$50,000 and \$60,000 the deduction is reduced (phased out) until it decreases to zero, based on the amount of income.

Similarly, the otherwise deductible portion of an IRA purchase payment will be phased out, in the case of married individuals filing joint tax returns, with adjusted gross income between \$70,000 and \$80,000, and in the case of married individuals filing separately, with adjusted gross income between \$0 and \$10,000. (A husband and wife who file separate returns and live apart at all times during the taxable year are not treated as married individuals.) A married individual filing a joint tax return, who is not

an active participant in a tax-qualified retirement plan, but whose spouse is an active participant in such a plan, may deduct from his or her taxable income purchase payments for an IRA equal to the lesser of \$4,000 or 100% of the individual's earned income (\$4,500 if 50 or older), provided the couple's modified adjusted gross income is \$150,000 or less. A portion of the contribution may be deducted if the modified adjusted gross income is between \$150,000 to \$160,000, and no deduction is allowed for modified adjusted gross income of \$160,000 or more.

Tax Free Rollovers. Amounts may be transferred, in a tax-free rollover, from (1) a tax-qualified plan to an IRA or (2) from one IRA to another IRA if the transfer meets certain conditions. All taxable distributions ("eligible rollover distributions") from tax qualified plans are eligible to be rolled over with the exception of:

- . annuities paid over a life or life expectancy;
- . installments for a period of ten years or more; and
- . required minimum distributions under section 401(a) (9) of the Code.

Rollovers may be accomplished in two ways. First, we may pay an eligible rollover distribution directly to an IRA (a "direct rollover"). Second, we may pay the distribution directly to the Annuitant and then, within 60 days of receipt, the Annuitant may roll the amount over to an IRA. However, any amount that was not distributed as a direct rollover will be subject to 20% income tax withholding if the amounts were from a tax-qualified plan.

Distributions from an IRA. Amounts received under an IRA as annuity payments, upon partial withdrawal or total surrender, or on the death of the Annuitant, are included in the Annuitant's or beneficiaries' income. If nondeductible purchase payments have been made, a pro rata portion of such distributions may not be includible in income. A 10% penalty tax is imposed on the amount includible in gross income from distributions that occur before the Annuitant reaches age 59 1/2 and that are not made on account of death or disability, with certain exceptions. These exceptions include:

- . distributions that are part of a series of substantially equal periodic payments made at least annually over the life (or life expectancy) of the Annuitant or the joint lives (or joint life expectancies) of the Annuitant and the Beneficiary; provided such payments are made for a minimum of 5 years or until the Annuitant attains age 59 1/2, whichever is later and the distribution method is not changed during that period (except in the case of death or disability or as allowed by IRS regulations);
- . distributions for medical expenses in excess of 7.5% of the Annuitant's adjusted gross income without regard to whether the Annuitant itemizes deductions on his or her tax return;
- . distributions for health insurance premiums to an unemployed individual who has received unemployment compensation for at least 12 consecutive weeks;
- . distributions for qualified first-time home purchases for the individual, a spouse, children, grandchildren, or ancestor of the individual or the individual's spouse, subject to a \$10,000 lifetime maximum; and
- . distributions for higher education expenses for the individual, a spouse, children, or grandchildren.

Generally, the Code requires that you begin taking annual distributions from qualified annuity contracts by April 1 of the calendar year following the later of (1) the calendar year in which you attain age 70 1/2 or (2) the calendar year in which you separate from employment (retire). If you own a "traditional" IRA, you must begin taking distributions when you attain age 70 1/2 regardless of when you retire. This does not apply to "Roth" IRAs.

You may be subject to a surrender charge on withdrawals taken to meet minimum distribution requirements, if the withdrawals exceed the contract's maximum penalty free amount. Failure to satisfy the minimum distribution requirements may result in a tax penalty. You should consult your tax advisor for more information.

IRS regulations require that the annuity contract value used to determine required minimum distributions include the actuarial value of other benefits under the contract, such as optional death benefits. This regulation does not apply to required minimum distributions made under an irrevocable annuity income option. You should discuss the effect of these regulations with your tax advisor.

Additional distribution rules apply after the death of the Annuitant. These rules are similar to those governing distributions on the death of an Owner (or other payee during the Annuity Period) under a Non-Qualified Contract. (See "Death Proceeds.")

Roth IRAs

Individuals may purchase a non-deductible IRA, known as a Roth IRA. For 2005, the maximum purchase payments for a Roth IRA is \$4,000 per year (or \$4,500 if you are 50 or older). This permitted contribution is phased out for adjusted gross income between \$95,000 and \$110,000 in the case of single taxpayers, between \$150,000 and \$160,000 in the case of married taxpayers filing joint returns, and between \$0 and \$10,000 in the case of married taxpayers filing separately. An overall \$4,000 annual limitation continues to apply to all of a taxpayer's IRA contributions, including Roth IRAs and non-Roth IRAs (\$4,500 if you are 50 or older).

An individual may make a rollover contribution from a Traditional IRA to a Roth IRA, unless the individual has adjusted gross income over \$100,000 or the individual is a married taxpayer filing a separate return. The individual must pay tax on any portion of the IRA being rolled over that represents income or a previously deductible IRA contribution. There are no similar limitations on rollovers from a Roth IRA to another Roth IRA.

Qualified distributions from Roth IRAs are entirely tax-free. A qualified distribution requires that (1) the individual has held the Roth IRA for at least five years and (2) the distribution is made either after the individual reaches age 59 1/2, on the individual's death or disability, or as qualified first-time home purchase. Qualified Distributions for a qualified first-time home purchase, are subject to a \$10,000 lifetime maximum and may be made for the individual, a spouse, child, grandchild, or ancestor of such individual or the individual's spouse.

Simplified Employee Pension Plans

Eligible employers may establish an IRA plan known as a simplified employee pension plan ("SEP"), if certain requirements are met. An employer may make contributions to a SEP in accordance with the rules applicable to IRAs discussed above. Employer contributions to an employee's SEP are deductible by the employer and are not currently includible in the taxable income of the employee, provided that total employer contributions do not exceed the lesser of 25% of an employee's compensation or \$42,000 for 2005.

If you are 50 and older, additional contributions can be made to your SEP IRA, if certain conditions are met. The most that can be contributed is the lesser of \$4,000 or your compensation for the year.

Simple Retirement Accounts

Eligible employers may establish an IRA plan known as a simple retirement account ("SRA"), if they meet certain requirements. Under an SRA, the employer contributes elective employee compensation deferrals up to a maximum of \$10,000 for 2005 to the employee's SRA. The employer must, in general, make a fully vested matching contribution for employee deferrals up to a maximum of 3% of compensation.

If you are 50 and older, additional elective deferrals can be contributed to your salary reduction SRA, if certain conditions are met. The most that can be contributed for 2005 is the lesser of \$2,000 or your compensation for the years reduced by your other elective deferrals for the year.

Other Qualified Plans

Purchase Payments. Purchase payments made by an employer under a pension, profit sharing, or annuity plan qualified under section 401 or 403(a) of the Code, not in excess of certain limits, are deductible by the employer. The purchase payments are also excluded from the current income of the employee.

Distributions Before the Annuity Commencement Date. Purchase payments includible in an employee's taxable income (less any amounts previously received that were not includible in the employee's taxable income) represent the employee's "investment in the Contract." Amounts received before the Annuity Commencement Date under a Contract in connection with a section 401 or 403(a) plan are generally allocated on a pro-rata basis between the employee's investment in the Contract and other amounts. A lump-sum distribution will not be includible in income in the year of distribution, if the employee transfers, within 60 days of receipt, all amounts received (less the employee's investment in the Contract), to another tax-qualified plan, to an individual retirement account or an IRA in accordance with the rollover rules under the Code.

However, any amount that is not distributed as a direct rollover will be subject to 20% income tax withholding. (See "Tax Free Rollovers.") Special tax treatment may be available, for tax years beginning before December 31, 1999, in the case of certain lump-sum distributions that are not rolled over to another plan or IRA.

A 10% penalty tax is imposed on the amount includible in gross income from distributions that occur before the employee reaches age 59 1/2 and that are not made on account of death or disability, with certain exceptions. These exceptions include distributions that are:

- . part of a series of substantially equal periodic payments made at least annually beginning after the employee separates from service and made over the life (or life expectancy) of the employee or the joint lives (or joint life expectancies) of the employee and the Beneficiary, provided such payments are made for at least 5 years and the distribution method is not changed before the recipient reaches age 59 1/2 (except in the case of death or disability);
- . made after the employee's separation from service on account of early retirement after attaining age 55;
- . made to an alternate payee pursuant to a qualified domestic relations order;
- . distributions for medical expenses in excess of 7.5% of the Annuitant's adjusted gross income without regard to whether the Annuitant itemizes deductions on his or her tax return; or
- . distributions for health insurance premiums to an unemployed individual who has received unemployment compensation for at least 12 consecutive weeks.

Annuity Payments. A portion of annuity payments received under Contracts for section 401 and 403(a) plans after the Annuity Commencement Date may be excludible from the employee's income, in the manner discussed above, in connection with Variable Annuity Payments, under "Non-Qualified Contracts - Taxation of Annuity Payments." The difference is that, here, the number of expected payments is determined under a provision in the Code. Distributions of minimum amounts required by the Code generally must commence by April 1 of the calendar year following the calendar year in which the employee reaches age 70 1/2 (or retires, if later). (See "Distributions from an IRA.")

Self-Employed Individuals. Various special rules apply to tax-qualified plans established by self-employed individuals.

Private Employer Unfunded Deferred Compensation Plans

Purchase Payments. Private taxable employers may establish unfunded, Non-Qualified deferred compensation plans for a select group of management or highly compensated employees and/or for independent contractors. To avoid current taxation, these benefits must be subject to a substantial risk of forfeiture.

These types of programs allow individuals to defer (1) receipt of up to 100% of compensation that would otherwise be includible in income and (2) payment of federal income taxes on the amounts.

Deferred compensation plans represent a contractual promise on the part of the employer to pay current compensation at some future time. The Contract is owned by the employer and is subject to the claims of the employer's creditors. The individual has no right or interest in the Contract and is entitled only to payment from the employer's general assets in accordance with plan provisions. Purchase payments are not currently deductible by the employer until benefits are included in the taxable income of the employee.

Taxation of Distributions. Amounts that an individual receives from a private employer deferred compensation plan are includible in gross income for the taxable year in which such amounts are paid or otherwise made available.

Economic Growth and Tax Relief Reconciliation Act of 2001

For tax years beginning in 2002, the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") expands the range of eligible tax-free rollover distributions that may be made among qualified contracts. The changes made to the IRC by EGTRRA are scheduled to expire on December 31, 2010. Congress may, however, decide to promulgate legislation making the changes permanent or delaying their expiration.

Amounts distributed from a Contract, to the extent includible in taxable income, are subject to federal income tax withholding.

In some IRA or 403(b) cases, if you own more than one Qualified annuity contract, the contracts may be considered together to determine whether the federal tax law requirement for minimum distributions after age 70 1/2, or retirement in appropriate circumstances, has been satisfied. In these cases only, you may rely on distributions from another annuity contract to satisfy the minimum distribution requirement under a Qualified Contract we issued. However, you must sign a waiver releasing us from any liability to you for not calculating and reporting the amount of taxes and penalties payable for failure to make required minimum distributions under the Contract.

Taxes Payable by AGL and the Separate Account

AGL is taxed as a life insurance company under the Code. The operations of the Separate Account are part of the total operations of AGL and are not taxed separately. Under existing federal income tax laws, AGL is not taxed on investment income derived by the Separate Account (including realized and unrealized capital gains) with respect to the Contracts. AGL reserves the right to allocate to the Contracts any federal, state or other tax liability that may result in the future from maintenance of the Separate Account or the Contracts.

Certain Series may elect to pass through to AGL any taxes withheld by foreign taxing jurisdictions on foreign source income. Such an election will result in additional taxable income and income tax to AGL. The amount of additional income tax, however, may be more than offset by credits for the foreign taxes withheld that the Series will also pass through. These credits may provide a benefit to AGL.

DISTRIBUTION ARRANGEMENTS

Individuals who sell the Contracts will be licensed by state insurance authorities as life insurance agents of AGL. The individuals will also be registered representatives of broker-dealer firms. We and WM Funds Distributor, Inc. permit affiliated broker-dealer firms, including our affiliated broker-dealer American General Securities Incorporated ("AGSI"), to offer the Contracts for sale. Some individuals may be representatives of firms that are exempt from broker-dealer regulation. AGSI, WM Funds Distributor, Inc. and any non-exempt broker-dealer firms are registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934 as broker-dealers and are members of the National Association of Securities Dealers, Inc. ("NASD").

Effective October 1, 2002, the American General Equity Services Corporation ("AGESC"), an affiliate of AGL, is the principal underwriter of the Contracts. AGESC's principal business address is 2929 Allen Parkway, Houston, Texas 77019-2191. AGESC is also registered with the Securities and Exchange Commission and is a member of the NASD.

AGL offers the Contracts on a continuous basis. AGL and WM Funds Distributor, Inc. have entered into certain revenue and cost-sharing arrangements in connection with marketing the Contracts. WM Funds Distributor, Inc. also provides certain administrative services to AGL in connection with processing Contract applications.

AGL compensates WM Funds Distributor, Inc. and the broker-dealers that sell the Contracts according to one or more compensation schedules. The schedules provide for a total payment of 7% of purchase payments that Owners make, which includes commissions of up to 6.25%. AGL may also pay continuing "trail" commissions of up to 0.50% of Owner Account Value.

AGL also has agreed to pay WM Funds Distributor, Inc. for its promotional activities, such as solicitation of selling group agreements between broker-dealers and AGL, agent appointments with AGL, printing and development of sales literature to be used by AGL appointed agents and related marketing support, and related special promotional campaigns. None of these distribution expenses results in any additional charges under the Contracts that are not described under "Charges under the Contracts."

SERVICE AGREEMENTS

American General Life Companies ("AGLC") is party to a general services agreement with AGL. AGLC, an affiliate of AGL, is a business trust established in Delaware on December 30, 2000. Prior to that date AGLC was a Delaware corporation. Its address is 2727-A Allen Parkway, Houston, Texas 77019-2191. Under this agreement, AGLC provides services to AGL, including most of the administrative, data processing, systems, customer services, product development, actuarial, auditing, accounting and legal services for AGL and the Contracts.

We have entered into an arrangement with WM Advisors, Inc. to provide certain services and discharge certain obligations. Under the arrangement, WM Advisors, Inc. reimburses us on a monthly basis for certain administrative and Contract and Contract Owner support expenses. The reimbursement is up to an annual rate of 0.25% of the average daily net asset value of shares of the Portfolios and Funds purchased by AGL at Contract Owners' instructions.

LEGAL MATTERS

We are not involved in any legal matter about the Separate Account that would be considered material to the interests of Owners.

OTHER INFORMATION ON FILE

We have filed a Registration Statement with the Securities and Exchange Commission under the Securities Act of 1933 for the Contracts discussed in this Prospectus. We have not included all of the information in the Registration Statement and its exhibits. Statements contained in this Prospectus concerning the Contracts and other legal instruments are intended to be summaries. For a complete statement of terms, you should refer to the documents that we filed with the Securities and Exchange Commission.

We will send you a Statement on request without charge. Its contents are as follows:

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AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

WM STRATEGIC ASSET MANAGER

FLEXIBLE PAYMENT VARIABLE AND FIXED INDIVIDUAL DEFERRED ANNUITY CONTRACTS

OFFERED BY

AMERICAN GENERAL LIFE INSURANCE COMPANY

ANNUITY ADMINISTRATION DEPARTMENT

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STATEMENT OF ADDITIONAL INFORMATION

Dated May 2, 2005

This Statement of Additional Information ("Statement") is not a prospectus. You should read it with the Prospectus for American General Life Insurance Company Separate Account D (the "Separate Account"), dated May 2, 2005, concerning flexible payment variable and fixed individual deferred annuity WM Strategic Asset Manager Contracts. The Separate Account invests in the 16 Series of the WM Variable Trust. You can obtain a copy of the Prospectus for the Contracts, and any Prospectus supplements, by contacting American General Life Insurance Company ("AGL") at the address or telephone numbers given above. You have the option of receiving benefits on a fixed basis through AGL's Fixed Account or on

a variable basis through the Separate Account. Terms used in this Statement have the same meanings as are defined in the Prospectus under the heading "Definitions."

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GENERAL INFORMATION

AGL (formerly American General Life Insurance Company of Delaware) is a successor in interest to a company previously organized as a Delaware corporation in 1917. AGL redomesticated as a Texas insurer effective December 31, 1991 and changed its name to American General Life Insurance Company. AGL is a wholly-owned subsidiary of AGC Life Insurance Company, a Missouri corporation ("AG Missouri"). It is engaged primarily in the life insurance business and annuity business. AG Missouri, in turn, is a wholly-owned subsidiary of American General Corporation, which is wholly-owned by the American International Group, Inc. a Delaware Corporation.

REGULATION AND RESERVES

AGL is subject to regulation and supervision by the insurance departments of the states where it is licensed to do business. This regulation covers a variety of areas, including:

- . benefit reserve requirements,
- . adequacy of insurance company capital and surplus,
- . various operational standards, and

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- . accounting and financial reporting procedures.

AGL's operations and accounts are subject to periodic examination by insurance regulatory authorities.

Under most insurance guaranty fund laws, a state can assess insurers doing business in the state for covered insurance contract losses incurred by insolvent companies. State laws set limits for these assessments. However, AGL cannot reasonably estimate the amount of any future assessments of AGL under these laws. Most states have the authority to excuse or defer an assessment, if it would threaten an insurer's own financial strength. The Account Value held in the Separate Account may not be covered by insurance guaranty fund laws. The Account Value held in the Fixed Account is covered by the insurance guaranty

fund laws.

The federal government generally has not directly regulated the business of insurance. However, federal initiatives often have an impact on the business in a variety of ways. Federal measures that may adversely affect the insurance business include:

- . employee benefit regulation,
- . tax law changes affecting the taxation of insurance companies or of insurance products,
- . changes in the relative desirability of various personal investment vehicles, and
- . removal of impediments on the entry of banking institutions into the business of insurance.

Also, both the executive and legislative branches of the federal government are considering various insurance regulatory matters. This could ultimately result in direct federal regulation of some aspects of the insurance business. AGL cannot predict whether this will occur or, if it does, what the effect on AGL would be.

State insurance law requires AGL to carry reserves on its books, as liabilities, to meet its obligations under outstanding insurance contracts. AGL bases these reserves on assumptions about future claims experience and investment returns, among other things.

Neither the reserve requirements nor the other aspects of state insurance regulation provide absolute protection to holders of insurance contracts, including the Contracts, if AGL were to incur claims or expenses at rates significantly higher than expected. This might happen, for example, due to a spread of acquired immune deficiency syndrome or other infectious diseases or catastrophes, or significant unexpected losses on its investments.

ACCOUNTING AND AUDITING EXPERTS

The consolidated financial statements of American General Life Insurance Company at December 31, 2004 and 2003, and for each of the two years in the period ended December 31, 2004 are presented in this Statement of Additional Information. The consolidated financial statements of American General Life Insurance Company should be considered only as bearing on the ability of the Company to meet its obligation under the contracts for amounts allocated to the fixed account option(s).

The financial statements of AGL Separate Account D at December 31, 2004 and for each of the two years in the period ended December 31, 2004 included in this registration statement have been audited by PricewaterhouseCoopers LLP ("PWC"), independent registered public accounting firm, as set forth in their reports thereon appearing elsewhere in this prospectus, and are included in this prospectus in reliance upon such reports of PWC given on the authority of such firm as experts in accounting and auditing. The address of PWC is 1201 Louisiana, 29th Floor, Houston, Texas 77002.

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SERVICES

AGL and American General Life Companies, LLC ("AGLC"), are parties to a services agreement. AGL and AGLC are each indirect wholly-owned subsidiaries of AIG and therefore affiliates of one another. AGLC is a Delaware limited liability company established on August 30, 2002. Prior to that date, AGLC was a Delaware business trust. Its address is 2727-A Allen Parkway, Houston, Texas 77019-2191. Under the services agreement, AGLC provides shared services to AGL and certain other life insurance companies under the AIG holding company system at cost. Those services include data processing systems, customer services, product development, actuarial, internal auditing, accounting and legal services. During 2004, 2003 and 2002, AGL paid AGLC for these services \$329,659,308, \$299,019,857, and \$99,267,147, respectively.

PRINCIPAL UNDERWRITER

American General Equity Services Corporation ("AGESC"), #1 Franklin Square, Springfield, Illinois 62713, a Delaware corporation and a direct wholly-owned subsidiary of AGL, is the principal underwriter and distributor of the Contracts for the Separate Account under a Distribution Agreement between AGESC and AGL.

AGESC also acts as principal underwriter for AGL's other separate accounts and for the separate accounts of certain AGL affiliates. AGESC is a registered broker-dealer under the Securities Exchange Act of 1934, as amended and a member of the National Association of Securities Dealers, Inc. ("NASD"). AGESC is registered with the Securities and Exchange Commission and is a member of the NASD. From November 1, 2000 until October 1, 2002, the underwriter was American General Distributors, Inc.

As principal underwriter, AGESC and the prior underwriter were not paid any fees on the Contracts and did not receive any compensation for any of the past three years. AGL offers the securities under the Contracts on a continuous basis.

ANNUITY PAYMENTS

Gender of Annuitant

When annuity payments are based on life expectancy, the amount of each annuity payment ordinarily will be higher if the Annuitant or other measuring life is a male, as compared with a female, under an otherwise identical Contract. This is because, statistically, females tend to have longer life expectancies than males.

However, Montana, and certain other jurisdictions, do not permit differences in annuity payment rates between males and females.

In addition, employers should be aware that, under most employer-sponsored plans, the law prohibits Contracts that make distinctions based on gender. Under these plans, AGL will make available Contracts with no such differences.

Misstatement of Age or Gender and Other Errors

If the age or gender of an Annuitant has been misstated to us, any amount payable will be the amount that the purchase payments paid would have purchased at the correct age and gender. If we made any overpayments because of incorrect information about age or gender or any error or miscalculation, we will deduct the overpayment from the next payment or payments due. We will add any underpayments to the next payment. We will credit or charge the amount of any adjustment with interest at the assumed interest rate used in the Contract's annuity tables.

CHANGE OF INVESTMENT ADVISER OR INVESTMENT POLICY

Unless otherwise permitted by law or regulation, no Series may change the investment adviser to any Series or any investment policy without the consent of the shareholders. If required, we will file approval of or change of any investment objective with the insurance department of each state where a Contract has been delivered. We will notify you (or, after annuity payments start, the payee) of any material investment policy change that we have approved. We will

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also notify you of any investment policy change before its implementation by the Separate Account, if the change requires your comment or vote.

PERFORMANCE DATA FOR THE DIVISIONS

We may quote investment results for the available Divisions of Separate Account D from time to time. These results will not be an estimate or guarantee of future investment performance. Nor will they represent the actual experience of amounts invested by a particular Owner. We will carry performance figures to the nearest one-hundredth of one percent. We may include in the figures the effect of voluntary fee waivers and expense reimbursements to the Funds from their investment adviser and administrator.

Average Annual Total Return Calculations

Each Division may advertise its average annual total return. We calculate each Division's average annual total return quotation under the following standard method that the Securities and Exchange ("SEC") prescribes:

We take a hypothetical \$1,000 investment in the Division's Accumulation Units on the first day of the period at the maximum offering price. This figure is the Accumulation Unit Value per unit ("initial investment").

We calculate the ending redeemable value ("redeemable value") of that investment at the end of the 1, 5, and 10 year period. If Average Annual Total Return for a

Division is not available for a stated period we may show Average Annual Total Return since inception. The redeemable value reflects the effect of (1) any applicable Surrender Charge at the end of the period and (2) all other recurring charges and fees applicable under the Contract to all Owner accounts. Other charges and fees include the Mortality and Expense Risk Charge, the Administrative Expense Charge, and the Annual Contract Fee. We do not reflect any premium taxes in the calculation.

We divide the redeemable value by the initial investment.

We take this quotient to the Nth root (N representing the number of years in the period), subtract 1 from the result, and express the result as a percentage.

The dates when the Divisions commenced operations are as follows: Strategic Growth Portfolio, Conservative Growth Portfolio and Balanced Portfolio Divisions, June 2, 1997; Money Market Fund Division, July 16, 1997; Flexible Income Portfolio Division, September 8, 1997; Conservative Balanced Portfolio Division, April 22, 1998; Growth & Income Fund, West Coast Equity Fund and Growth Fund Divisions, April 29, 1998; Equity Income Fund Division, April 30, 1998; Short Term Income Fund Division, May 22, 1998; Small Cap Growth Fund and International Growth Fund Divisions, June 3, 1998; U.S. Government Securities Fund Division, June 10, 1998; Income Fund Division, June 24, 1998; Mid Cap Stock Fund Division, May 5, 2000.

Effective August 1, 2000, the Conservative Balanced Portfolio Division changed its name from the Income Portfolio Division. The Income Portfolio Division originally commenced operations on October 22, 1997. The Division suspended operations during the period of November 4, 1997 through April 21, 1998. We use April 22, 1998 as the commencement of operations date for the Division.

Effective August 1, 2000, the Equity Income Fund changed its name from the Bond & Stock Fund. Effective March 1, 2002, the Growth Fund of the Northwest changed its name to the West Coast Equity Fund. Prior to March 1, 2004, the Small Cap Growth Fund was known as the Small Cap Stock Fund.

Total Return Calculations (without Surrender Charge or Annual Contract Fee)

Each Division may also advertise non-standardized total return. We calculate non-standardized total return in the same manner and for the same time periods as standardized average annual total return, which we describe immediately above. However, in making the redeemable value calculation, we do not deduct any applicable Surrender Charge that we may impose at the end of the period. This is because we assume that the Contract will continue through the end of each period. We also do not deduct the Annual Contract Fee. Deducting these charges would reduce the resulting performance results.

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Cumulative Total Return Calculations (without Surrender Charge or Annual Contract Fee)

Each Division may also advertise non-standardized cumulative total return performance. Cumulative total return performance is the compound rate of return on a hypothetical initial investment of \$1,000 in each Division's Accumulation Units on the first day of the period at the maximum offering price. This figure is the Accumulation Unit value per unit ("initial investment"). Cumulative total return figures will be calculated for 1, 5, and 10 year periods. If Cumulative total return for a Division is not available for a stated period we may show cumulative total returns since Division inception. Cumulative total return figures (and the related "Growth of a \$1,000 Investment" figures set forth below) do not include the effect of any premium taxes, any applicable Surrender Charge, or the Annual Contract Fee. Cumulative total return quotations reflect changes in Accumulation Unit value. We calculate these quotations by finding the cumulative rates of return of the hypothetical initial investment over various periods, according to the following formula, and then expressing those rates as a percentage:

$$C = (ERV/P) - 1$$

Where:

C = cumulative total return

P = a hypothetical initial investment of \$1,000

ERV = ending redeemable value at the end of the applicable period of a hypothetical \$1,000 investment made at the beginning of the applicable period.

Hypothetical Performance

Each Division may advertise hypothetical performance, based on the calculations described above, where all or a portion of the actual historical performance of the corresponding Series in which the Division invests pre-dates the effective date of the Division.

The inception dates for each Series corresponding to the Divisions are: U.S. Government Securities Fund, May 6, 1993; Money Market, Income, Growth, and

International Growth Funds, May 7, 1993; Short Term Income, Growth & Income, and Small Cap Stock Funds, January 12, 1994; Strategic Growth, Conservative Growth, and Balanced Portfolios, June 2, 1997; Flexible Income Portfolio, September 8, 1997; Conservative Balanced Portfolio, April 22, 1998; West Coast Equity Fund, April 29, 1998; Equity Income Fund, April 30, 1998; Mid Cap Stock Fund, May 1, 2000.

Yield Calculations

We calculate the yields for the Short Term Income Fund, U.S. Government Securities Fund, and Income Fund Divisions by a standard method that the SEC prescribes. We calculate the yield quotation by dividing the net investment income per Accumulation Unit earned during the specified one month or 30-day period by the Accumulation Unit values on the last day of the period, according to the following formula that assumes a semi-annual reinvestment of income:

$$YIELD = 2[(a-b)/cd + 1]/6/ B 1]$$

a = net dividends and interest earned during the period by the Series attributable to the Division

b = expenses accrued for the period (net of reimbursements)

c = the average daily number of Accumulation Units outstanding during the period

d = the Accumulation Unit value per unit on the last day of the period

The yield of each Division reflects the deduction of all recurring fees and charges that apply to each Division. These fees and charges include the Mortality and Expense Risk Charge and the Administrative Expense Charge. They do not reflect the deduction of Surrender Charges or premium taxes.

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Money Market Fund Division Yield and Effective Yield Calculations

We calculate the Money Market Fund Division's yield by a standard method that the SEC prescribes. Under that method, we base the current yield quotation on a seven day period and calculate that yield as follows:

- . We take the net change in the Accumulation Unit value during the period.
- . We divide that net change by the Accumulation Unit value at the beginning of the period to obtain the base period return.
- . We multiply the base period return by the fraction 365/7 to obtain the current yield figure.
- . We carry the current yield figure to the nearest one-hundredth of one percent.

We do not include realized capital gains or losses and unrealized appreciation or depreciation of the Division's Portfolio in the calculation.

We determine the Money Market Fund Division's effective yield by taking the base period return (computed as described above) and calculating the effect of assumed compounding. The formula for the effective yield is: $(\text{base period return} + 1)/365/7 - 1$.

Yield and effective yield do not reflect the deduction of Surrender Charges or premium taxes that we may impose when you redeem Accumulation Units.

EFFECT OF TAX-DEFERRED ACCUMULATION

The Contracts qualify for tax-deferred treatment on earnings. This tax-deferred treatment increases the amount available for accumulation by deferring taxes on any earnings until the earnings are withdrawn. The longer the taxes are deferred, the more the potential you have for the assets under your Contract to grow over the term of the Contracts.

The hypothetical tables set out below illustrate this potential. The tables compare accumulations based on a single initial purchase payment of \$100,000 compounded annually under:

- . a Contract, whose earnings are not taxed until withdrawn in connection with a full surrender, partial withdrawal, or annuitization, or termination due to insufficient Account Value ("withdrawal of earnings"), and
- . an investment whose earnings are taxed on a current basis ("Taxable

Investment"), based on an assumed tax rate of 28%, and the assumed earning rates specified.

| | 5 Years | 10 Years | 20 Years |
|------------------------|------------------------|-----------|-----------|
| | ----- | ----- | ----- |
| | (7.50% earnings rate) | | |
| Contract | \$143,563 | \$206,103 | \$424,785 |
| Contract (after Taxes) | \$131,365 | \$176,394 | \$333,845 |
| Taxable Investment | \$130,078 | \$169,202 | \$286,294 |
| | (10.00% earnings rate) | | |
| Contract | \$161,051 | \$259,374 | \$672,750 |

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| | 5 Years | 10 Years | 20 Years |
|------------------------|-----------|-----------|-----------|
| | ----- | ----- | ----- |
| Contract (after Taxes) | \$143,957 | \$214,749 | \$512,380 |
| Taxable Investment | \$141,571 | \$200,423 | \$401,694 |

The hypothetical tables do not reflect any fees or charges under a Contract or Taxable Investment. However, the Contracts impose:

- . a Mortality and Expense Risk Charge of 1.25%,
- . a Surrender Charge (applicable to withdrawal of earnings for the first seven Contract years) up to a maximum of 7%,
- . an Administrative Expense Charge of 0.15%, and
- . an Annual Contract Fee of \$35.

A Taxable Investment could incur comparable fees or charges. Fees and charges would reduce the return from a Contract or Taxable Investment.

Under the Contracts, a withdrawal of earnings is subject to tax, and may be subject to an additional 10% tax penalty before age 59 1/2.

These tables are only illustrations of the effect of tax-deferred accumulations and are not a guarantee of future performance.

 FINANCIAL STATEMENTS

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

Separate Account Financial Statements

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

AGL Financial Statements

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

Index to Financial Statements

I. Separate Account 2004 D Financial Statements

Report of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm Summary of Financial Statements

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Statement of Net Assets and Statement of Operations for the year ended December 31, 2004
 Statement of Changes in Net Assets for the years ended December 31, 2004 and 2003
 Notes to Financial Statements

You should consider the financial statements of AGL that we include in this Statement primarily as bearing on the ability of AGL to meet its obligation under the Contracts

Report of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm
Consolidated Balance Sheets as of December 31, 2004, and 2003
Consolidated Statements of Income for the years ended December 31, 2004 and 2003
Consolidated Statements of Shareholder's Equity for the years ended December 31, 2004 and 2003
Consolidated Statements of Comprehensive Income for the years ended December 31, 2004 and 2003
Consolidated Statements of Cash Flows for the years ended December 31, 2004 and 2003
Notes to Consolidated Financial Statements

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[LOGO] AIG American General

Variable Annuity
Separate Account D

2004
Annual Report

December 31, 2004

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

LETTERHEAD [PricewaterhouseCoopers LLP]

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

Report of Independent Registered Public Accounting Firm

To the Board of Directors of American General Life Insurance Company and Contract Owners of American General Life Insurance Company Separate Account D

In our opinion, the accompanying statement of net assets, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of each of the Divisions listed in Note A of American General Life Insurance Company Separate Account D (the "Separate Account") at December 31, 2004, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the three years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Separate Account's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2004 by correspondence with the investment companies, provide a reasonable basis for our opinion. The financial highlights as of and for the year ended December 31, 2001 were audited by other independent auditors whose report dated March 7, 2002, expressed an unqualified opinion thereon.

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

PRICEWATERHOUSECOOPERS LLP

April 29, 2005

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF NET ASSETS
December 31, 2004

<TABLE>
<CAPTION>

| Divisions | Investment securities - at fair value | Due from (to) American General Life Insurance Company | Net Assets | Contract owners - annuity reserves | Contract owners - accumulation reserves | Net assets attributable to contract owner reserves |
|---|---------------------------------------|---|-------------|------------------------------------|---|--|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| AIM V.I. International Growth Fund - Series I | \$2,600,465 | \$-- | \$2,600,465 | \$229 | \$2,600,236 | \$2,600,465 |
| AIM V.I. Premier Equity Fund - Series I | 7,907,310 | (4) | 7,907,306 | 206 | 7,907,100 | 7,907,306 |
| Alger American Leveraged AllCap Portfolio - Class O Shares | 203 | (1) | 202 | 202 | -- | 202 |
| Alger American MidCap Growth Portfolio - Class O Shares | 211 | (1) | 210 | 210 | -- | 210 |
| American Century VP Inflation Protection Fund - Class II | 207 | (1) | 206 | 206 | -- | 206 |
| American Century VP Value Fund - Class I | 2,729,905 | -- | 2,729,905 | 211 | 2,729,694 | 2,729,905 |
| Ayco Growth Fund | -- | -- | -- | -- | -- | -- |
| Credit Suisse Small Cap Growth Portfolio | 759,382 | (4) | 759,378 | 204 | 759,174 | 759,378 |
| Dreyfus IP MidCap Stock Portfolio - Initial shares | 1,180,169 | 7 | 1,180,176 | 218 | 1,179,958 | 1,180,176 |
| Dreyfus Socially Responsible Growth Fund - Initial shares | 3,132,034 | (1) | 3,132,033 | -- | 3,132,033 | 3,132,033 |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares | 4,638,506 | (1) | 4,638,505 | 210 | 4,638,295 | 4,638,505 |
| Dreyfus VIF Quality Bond Portfolio - Initial shares | 6,980,516 | (1) | 6,980,515 | 207 | 6,980,308 | 6,980,515 |
| Evergreen Offit VA Emerging Markets Bond Fund - Class 1 | -- | -- | -- | -- | -- | -- |
| Evergreen Offit VA U.S. Government Securities Fund - Class 1 | -- | -- | -- | -- | -- | -- |
| Evergreen VA High Income Fund - Class 1 | 5,665,545 | 9 | 5,665,554 | -- | 5,665,554 | 5,665,554 |
| Evergreen VA Strategic Income Fund - Class 1 | 34,746 | (6) | 34,740 | -- | 34,740 | 34,740 |
| Fidelity VIP Asset Manager Portfolio - Initial Class | 145,316 | (8) | 145,308 | -- | 145,308 | 145,308 |
| Fidelity VIP Asset Manager Portfolio - Service Class 2 | 1,178,318 | (1) | 1,178,317 | 204 | 1,178,113 | 1,178,317 |
| Fidelity VIP Contrafund Portfolio - Service Class 2 | 3,773,469 | (1) | 3,773,468 | 214 | 3,773,254 | 3,773,468 |
| Fidelity VIP Equity-Income Portfolio - Service Class 2 | 4,109,250 | -- | 4,109,250 | 211 | 4,109,039 | 4,109,250 |
| Fidelity VIP Growth Portfolio - Service Class 2 | 2,681,460 | 1 | 2,681,461 | 200 | 2,681,261 | 2,681,461 |
| Fidelity VIP Index 500 Portfolio - Initial Class | 82,545 | -- | 82,545 | -- | 82,545 | 82,545 |
| Fidelity VIP Mid Cap Portfolio - Service Class 2 | 233 | (1) | 232 | 232 | -- | 232 |
| Fidelity VIP Overseas Portfolio - Initial Class | 34,161 | -- | 34,161 | -- | 34,161 | 34,161 |
| Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2 | 224 | (1) | 223 | 223 | -- | 223 |
| Franklin Templeton - Franklin U.S. Government Fund - Class 2 | 203 | (1) | 202 | 202 | -- | 202 |
| Franklin Templeton - Mutual Shares Securities Fund - Class 2 | 214 | -- | 214 | 214 | -- | 214 |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2 | 1,924,798 | 1 | 1,924,799 | 223 | 1,924,576 | 1,924,799 |
| Franklin Templeton - Templeton Global Asset Allocation Fund - Class 2 | 2,081,861 | -- | 2,081,861 | -- | 2,081,861 | 2,081,861 |
| Goldman Sachs Capital Growth Fund | 180,833 | -- | 180,833 | -- | 180,833 | 180,833 |
| Janus Aspen Series International Growth Portfolio - Service Shares | 394,186 | (7) | 394,179 | 235 | 393,944 | 394,179 |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares | 1,006,080 | (1) | 1,006,079 | 219 | 1,005,860 | 1,006,079 |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares | 740,865 | -- | 740,865 | 211 | 740,654 | 740,865 |
| JPMorgan Mid Cap Value Portfolio | 221 | (1) | 220 | 220 | -- | 220 |
| JPMorgan Small Company Portfolio | 448,645 | 7 | 448,652 | 228 | 448,424 | 448,652 |
| LEVCO Equity Value Fund | 65,653 | -- | 65,653 | -- | 65,653 | 65,653 |
| MFS VIT Capital Opportunities Series - Initial Class | 1,756,900 | (1) | 1,756,899 | 214 | 1,756,685 | 1,756,899 |
| MFS VIT Emerging Growth Series - Initial Class | 5,764,813 | -- | 5,764,813 | 212 | 5,764,601 | 5,764,813 |
| MFS VIT New Discovery Series - Initial Class | 801,205 | (4) | 801,201 | 207 | 800,994 | 801,201 |
| MFS VIT Research Series - Initial Class | 975,350 | -- | 975,350 | 217 | 975,133 | 975,350 |
| Navellier Growth Portfolio | -- | -- | -- | -- | -- | -- |

| | | | | | | |
|--|-----------|-----|-----------|-----|-----------|-----------|
| Neuberger Berman AMT Balanced Portfolio - Class I | 10,790 | -- | 10,790 | -- | 10,790 | 10,790 |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I | 835,702 | 2 | 835,704 | 213 | 835,491 | 835,704 |
| Neuberger Berman AMT Partners Portfolio - Class I | 2,930 | -- | 2,930 | -- | 2,930 | 2,930 |
| Oppenheimer Balanced Fund/VA - Non-Service Shares | 214 | (1) | 213 | 213 | -- | 213 |
| Oppenheimer Global Securities Fund/VA - Non-Service Shares | 227 | (1) | 226 | 226 | -- | 226 |
| PIMCO VIT Real Return Portfolio - Administrative Class | 4,666,778 | -- | 4,666,778 | 210 | 4,666,568 | 4,666,778 |
| PIMCO VIT Short-Term Portfolio - Administrative Class | 1,271,948 | -- | 1,271,948 | 197 | 1,271,751 | 1,271,948 |
| PIMCO VIT Total Return Portfolio - Administrative Class | 4,249,926 | (1) | 4,249,925 | 205 | 4,249,720 | 4,249,925 |
| Pioneer Fund VCT Portfolio - Class I | 2,128,595 | -- | 2,128,595 | -- | 2,128,595 | 2,128,595 |

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF NET ASSETS - CONTINUED
December 31, 2004

<TABLE>
<CAPTION>

| Divisions | Investment securities - at fair value | Due from (to) American General Life Insurance Company | Net Assets | Contract owners - annuity reserves | Contract owners - accumulation reserves | Net assets attributable to contract owner reserves |
|---|---------------------------------------|---|--------------|------------------------------------|---|--|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Pioneer Growth Opportunities VCT Portfolio - Class I | \$ 3,232,917 | \$ -- | \$ 3,232,917 | \$ -- | \$ 3,232,917 | \$ 3,232,917 |
| Putnam VT Diversified Income Fund - Class IB | 212 | (1) | 211 | 211 | -- | 211 |
| Putnam VT Growth and Income Fund - Class IB | 2,888,786 | 4 | 2,888,790 | 210 | 2,888,580 | 2,888,790 |
| Putnam VT International Growth and Income Fund - Class IB | 712,890 | (8) | 712,882 | 225 | 712,657 | 712,882 |
| Royce Small-Cap Portfolio | 1,050,533 | (10) | 1,050,523 | -- | 1,050,523 | 1,050,523 |
| Safeco RST Core Equity Portfolio | -- | -- | -- | -- | -- | -- |
| Safeco RST Growth Opportunities Portfolio | -- | -- | -- | -- | -- | -- |
| SunAmerica - Aggressive Growth Portfolio - Class 1 | 217 | (1) | 216 | 216 | -- | 216 |
| SunAmerica - SunAmerica Balanced Portfolio - Class 1 | 208 | (1) | 207 | 207 | -- | 207 |
| UIF Core Plus Fixed Income Portfolio - Class I | 3,478,309 | (4) | 3,478,305 | -- | 3,478,305 | 3,478,305 |
| UIF Emerging Markets Equity Portfolio - Class I | 2,167,046 | (2) | 2,167,044 | 3,400 | 2,163,644 | 2,167,044 |
| UIF Equity Growth Portfolio - Class I | 11,139,204 | (9) | 11,139,195 | 206 | 11,138,989 | 11,139,195 |
| UIF Global Value Equity Portfolio - Class I | 6,156,290 | (1) | 6,156,289 | 3,138 | 6,153,151 | 6,156,289 |
| UIF High Yield Portfolio - Class I | 5,851,395 | -- | 5,851,395 | 212 | 5,851,183 | 5,851,395 |
| UIF International Magnum Portfolio - Class I | 3,962,700 | (3) | 3,962,697 | 2,520 | 3,960,177 | 3,962,697 |
| UIF U.S. Mid Cap Value Portfolio - Class I | 13,774,540 | (1) | 13,774,539 | 3,737 | 13,770,802 | 13,774,539 |
| UIF U.S. Real Estate Portfolio - Class I | 4,909,743 | -- | 4,909,743 | -- | 4,909,743 | 4,909,743 |
| UIF Value Portfolio - Class I | 11,730,391 | (2) | 11,730,389 | 3,359 | 11,727,030 | 11,730,389 |
| VALIC Company I - Blue Chip Growth Fund | 92,227 | (1) | 92,226 | -- | 92,226 | 92,226 |
| VALIC Company I - Health Sciences Fund | 71,394 | (1) | 71,393 | -- | 71,393 | 71,393 |
| VALIC Company I - Income & Growth Fund | 51,761 | -- | 51,761 | -- | 51,761 | 51,761 |
| VALIC Company I - International Equities Fund | 1,028,443 | (3) | 1,028,440 | 222 | 1,028,218 | 1,028,440 |
| VALIC Company I - Mid Cap Index Fund | 6,602,275 | 1 | 6,602,276 | 216 | 6,602,060 | 6,602,276 |
| VALIC Company I - Money Market I Fund | 8,702,257 | (8) | 8,702,249 | -- | 8,702,249 | 8,702,249 |
| VALIC Company I - Nasdaq-100 Index Fund | 838,937 | (2) | 838,935 | 211 | 838,724 | 838,935 |
| VALIC Company I - Science & Technology Fund | 540,075 | -- | 540,075 | 199 | 539,876 | 540,075 |
| VALIC Company I - Small Cap Index Fund | 1,056,367 | (1) | 1,056,366 | 217 | 1,056,149 | 1,056,366 |
| VALIC Company I - Social Awareness Fund | 2,810 | -- | 2,810 | -- | 2,810 | 2,810 |
| VALIC Company I - Stock Index Fund | 8,922,439 | (17) | 8,922,422 | 210 | 8,922,212 | 8,922,422 |
| Van Kampen Comstock Fund | 6,447,270 | 1 | 6,447,271 | 46,934 | 6,400,337 | 6,447,271 |
| Van Kampen Corporate Bond Fund | 310,362 | -- | 310,362 | -- | 310,362 | 310,362 |
| Van Kampen High Yield Fund | 6,456,943 | (483) | 6,456,460 | 39,284 | 6,417,176 | 6,456,460 |
| Van Kampen LIT Emerging Growth Portfolio - Class I | 17,232,745 | 9 | 17,232,754 | 611,200 | 16,621,554 | 17,232,754 |
| Van Kampen LIT Enterprise Portfolio - Class I | 19,906,124 | 5 | 19,906,129 | 89,807 | 19,816,322 | 19,906,129 |
| Van Kampen LIT Government Portfolio - Class I | 9,724,945 | (3) | 9,724,942 | 94,552 | 9,630,390 | 9,724,942 |

| | | | | | | |
|--|-------------|------|-------------|---------|-------------|-------------|
| Van Kampen LIT Growth and Income Portfolio - Class I | 51,694,885 | -- | 51,694,885 | 217 | 51,694,668 | 51,694,885 |
| Van Kampen LIT Money Market Portfolio - Class I | 4,247,576 | (19) | 4,247,557 | 118,169 | 4,129,388 | 4,247,557 |
| Van Kampen Reserve Fund | 286,495 | 1 | 286,496 | 17,235 | 269,261 | 286,496 |
| Vanguard VIF High Yield Bond Portfolio | 211 | -- | 211 | 211 | -- | 211 |
| Vanguard VIF REIT Index Portfolio | 247 | (1) | 246 | 246 | -- | 246 |
| WM VT Balanced Portfolio | 268,923,473 | (3) | 268,923,470 | 255,919 | 268,667,551 | 268,923,470 |
| WM VT Conservative Balanced Portfolio | 14,471,987 | -- | 14,471,987 | -- | 14,471,987 | 14,471,987 |
| WM VT Conservative Growth Portfolio | 195,353,827 | -- | 195,353,827 | -- | 195,353,827 | 195,353,827 |
| WM VT Equity Income Fund | 23,796,108 | 1 | 23,796,109 | -- | 23,796,109 | 23,796,109 |
| WM VT Flexible Income Portfolio | 54,286,363 | (4) | 54,286,359 | -- | 54,286,359 | 54,286,359 |
| WM VT Growth & Income Fund | 45,685,644 | (8) | 45,685,636 | -- | 45,685,636 | 45,685,636 |
| WM VT Growth Fund | 46,463,712 | -- | 46,463,712 | 1,779 | 46,461,933 | 46,463,712 |
| WM VT Income Fund | 22,353,787 | 8 | 22,353,795 | 3,644 | 22,350,151 | 22,353,795 |
| WM VT International Growth Fund | 8,512,218 | 2 | 8,512,220 | 2,209 | 8,510,011 | 8,512,220 |
| WM VT Mid Cap Stock Fund | 7,047,790 | 4 | 7,047,794 | -- | 7,047,794 | 7,047,794 |

See accompanying notes.

D-3

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF NET ASSETS - CONTINUED
December 31, 2004

| Divisions | Investment securities - at fair value | Due from (to) American General Life Insurance Company | Net Assets | Contract owners - annuity reserves | Contract owners - accumulation reserves | Net assets attributable to contract owner reserves |
|---------------------------------------|---------------------------------------|---|--------------|------------------------------------|---|--|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| WM VT Money Market Fund | \$10,538,764 | \$233 | \$10,538,997 | \$ -- | \$10,538,997 | \$10,538,997 |
| WM VT Short Term Income Fund | 8,939,863 | 2 | 8,939,865 | -- | 8,939,865 | 8,939,865 |
| WM VT Small Cap Growth Fund | 12,498,174 | 3 | 12,498,177 | 2,111 | 12,496,066 | 12,498,177 |
| WM VT Strategic Growth Portfolio | 63,530,114 | 1 | 63,530,115 | -- | 63,530,115 | 63,530,115 |
| WM VT U.S. Government Securities Fund | 23,895,311 | 10 | 23,895,321 | 3,427 | 23,891,894 | 23,895,321 |
| WM VT West Coast Equity Fund | 24,586,811 | 3 | 24,586,814 | -- | 24,586,814 | 24,586,814 |

See accompanying notes.

D-4

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF OPERATIONS
For the Year Ended December 31, 2004

| Divisions | A | B | A+B=C | D | E | F | C+D+E+F |
|--|-----------------------------|---|------------------------------|---|--|---|---|
| | 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 | Increase (decrease) in net assets resulting from operations |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| AIM V.I. International Growth Fund - Series I | \$ 15,283 | \$ (33,596) | \$ (18,313) | \$ (230,043) | \$ -- | \$ 748,826 | \$ 500,470 |
| AIM V.I. Premier Equity Fund - Series I | 35,700 | (110,033) | (74,333) | (904,079) | -- | 1,290,161 | 311,749 |
| Alger American Leveraged AllCap Portfolio - Class O Shares | -- | -- | -- | -- | -- | 4 | 4 |
| Alger American MidCap Growth Portfolio - Class O Shares | -- | -- | -- | -- | -- | 13 | 13 |
| American Century VP Inflation Protection Fund - Class II | 3 | -- | 3 | -- | -- | 7 | 10 |
| American Century VP Value Fund - Class I | 25,293 | (34,472) | (9,179) | 64,531 | 19,620 | 244,957 | 319,929 |

| | | | | | | | |
|---|---------|----------|----------|-------------|---------|-----------|-----------|
| Ayco Growth Fund | -- | -- | -- | -- | -- | -- | -- |
| Credit Suisse Small Cap Growth Portfolio | -- | (9,687) | (9,687) | 21,932 | -- | 49,039 | 61,284 |
| Dreyfus IP MidCap Stock Portfolio - Initial shares | 4,136 | (14,830) | (10,694) | 43,550 | 26,518 | 69,978 | 129,352 |
| Dreyfus Socially Responsible Growth Fund - Initial shares | 12,116 | (44,342) | (32,226) | (400,719) | -- | 572,997 | 140,052 |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares | 8,821 | (64,500) | (55,679) | 158 | -- | 489,258 | 433,737 |
| Dreyfus VIF Quality Bond Portfolio - Initial shares | 292,937 | (97,133) | 195,804 | (1,719) | -- | (60,894) | 133,191 |
| Evergreen Offit VA Emerging Markets Bond Fund - Class 1 | -- | -- | -- | -- | -- | -- | -- |
| Evergreen Offit VA U.S. Government Securities Fund - Class 1 | -- | -- | -- | -- | -- | -- | -- |
| Evergreen VA High Income Fund - Class 1 | 297,747 | (21,504) | 276,243 | 1,714 | -- | 154,493 | 432,450 |
| Evergreen VA Strategic Income Fund - Class 1 | 1,541 | (84) | 1,457 | 134 | 304 | 1,676 | 3,571 |
| Fidelity VIP Asset Manager Portfolio - Initial Class | 3,778 | (2,297) | 1,481 | (2,740) | -- | 5,682 | 4,423 |
| Fidelity VIP Asset Manager Portfolio - Service Class 2 | 28,101 | (15,098) | 13,003 | (2,836) | -- | 29,315 | 39,482 |
| Fidelity VIP Contrafund Portfolio - Service Class 2 | 6,972 | (47,945) | (40,973) | 149,966 | -- | 345,697 | 454,690 |
| Fidelity VIP Equity-Income Portfolio - Service Class 2 | 58,564 | (52,285) | 6,279 | 36,031 | 15,262 | 310,889 | 368,461 |
| Fidelity VIP Growth Portfolio - Service Class 2 | 3,868 | (38,100) | (34,232) | (34,704) | -- | 109,155 | 40,219 |
| Fidelity VIP Index 500 Portfolio - Initial Class | 1,016 | (1,216) | (200) | 85 | -- | 7,017 | 6,902 |
| Fidelity VIP Mid Cap Portfolio - Service Class 2 | -- | -- | -- | -- | -- | 34 | 34 |
| Fidelity VIP Overseas Portfolio - Initial Class | 355 | (563) | (208) | (7,452) | -- | 10,075 | 2,415 |
| Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2 | -- | -- | -- | -- | -- | 26 | 26 |
| Franklin Templeton - Franklin U.S. Government Fund - Class 2 | -- | -- | -- | -- | -- | 6 | 6 |
| Franklin Templeton - Mutual Shares Securities Fund - Class 2 | -- | -- | -- | -- | -- | 18 | 18 |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2 | 19,004 | (23,653) | (4,649) | (70,138) | -- | 358,489 | 283,702 |
| Franklin Templeton - Templeton Global Asset Allocation Fund - Class 2 | 53,488 | (25,783) | 27,705 | (3,029) | -- | 235,009 | 259,685 |
| Goldman Sachs Capital Growth Fund | 1,229 | (2,384) | (1,155) | 691 | -- | 13,460 | 12,996 |
| Janus Aspen Series International Growth Portfolio - Service Shares | 2,898 | (4,536) | (1,638) | (1,300) | -- | 61,235 | 58,297 |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares | -- | (12,536) | (12,536) | (32,776) | -- | 208,319 | 163,007 |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares | 6,739 | (10,144) | (3,405) | (18,224) | -- | 41,652 | 20,023 |
| JPMorgan Mid Cap Value Portfolio | -- | -- | -- | -- | -- | 24 | 24 |
| JPMorgan Small Company Portfolio | -- | (4,681) | (4,681) | 6,197 | -- | 86,229 | 87,745 |
| LEVCO Equity Value Fund | 924 | (239) | 685 | 1,755 | -- | 5,063 | 7,503 |
| MFS VIT Capital Opportunities Series - Initial Class | 6,203 | (23,000) | (16,797) | (67,425) | -- | 259,859 | 175,637 |
| MFS VIT Emerging Growth Series - Initial Class | -- | (77,519) | (77,519) | (1,252,825) | -- | 1,938,688 | 608,344 |
| MFS VIT New Discovery Series - Initial Class | -- | (10,557) | (10,557) | 12,906 | -- | 33,574 | 35,923 |
| MFS VIT Research Series - Initial Class | 10,092 | (12,718) | (2,626) | 7,743 | -- | 120,870 | 125,987 |
| Navellier Growth Portfolio | -- | (3,216) | (3,216) | 4,886 | -- | (154,825) | (153,155) |
| Neuberger Berman AMT Balanced Portfolio - Class I | 125 | (242) | (117) | (1,651) | -- | 1,868 | 100 |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I | -- | (10,403) | (10,403) | (3,554) | -- | 123,841 | 109,884 |
| Neuberger Berman AMT Partners Portfolio - Class I | -- | (103) | (103) | (568) | -- | 329 | (342) |
| Oppenheimer Balanced Fund/VA - Non-Service Shares | -- | -- | -- | -- | -- | 17 | 17 |
| Oppenheimer Global Securities Fund/VA - Non-Service Shares | -- | -- | -- | -- | -- | 30 | 30 |
| PIMCO VIT Real Return Portfolio - Administrative Class | 46,106 | (63,816) | (17,710) | 129,255 | 144,823 | 80,451 | 336,819 |
| PIMCO VIT Short-Term Portfolio - Administrative Class | 16,335 | (17,469) | (1,134) | 1,313 | 2,919 | (3,845) | (747) |
| PIMCO VIT Total Return Portfolio - Administrative Class | 82,937 | (59,448) | 23,489 | 28,130 | 60,899 | 36,308 | 148,826 |
| Pioneer Fund VCT Portfolio - Class I | -- | (1,643) | (1,643) | 577 | -- | 46,566 | 45,500 |

| | | | | | | | |
|---|--------|----------|---------|--------|--------|---------|---------|
| Pioneer Growth Opportunities VCT Portfolio - Class I | -- | (2,523) | (2,523) | 1,948 | -- | 89,728 | 89,153 |
| Putnam VT Diversified Income Fund - Class IB | -- | -- | -- | -- | -- | 15 | 15 |
| Putnam VT Growth and Income Fund - Class IB | 43,068 | (37,220) | 5,848 | 18,863 | -- | 233,451 | 258,162 |
| Putnam VT International Growth and Income Fund - Class IB | 6,880 | (7,948) | (1,068) | 14,845 | -- | 98,000 | 111,777 |
| Royce Small-Cap Portfolio | -- | (3,369) | (3,369) | 294 | 52,046 | 144,211 | 193,182 |

See accompanying notes.

D-5

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

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

| Divisions | A | B | A+B=C | D | E | F | C+D+E+F |
|--|-----------------------------|---|------------------------------|---|--|---|---|
| | 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 | Increase (decrease) in net assets resulting from operations |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| Safeco RST Core Equity Portfolio | \$ 22,876 | \$ (28,381) | \$ (5,505) | \$ (509,440) | \$ -- | \$ 598,234 | \$ 83,289 |
| Safeco RST Growth Opportunities Portfolio | -- | (41,421) | (41,421) | 395,115 | -- | 164,765 | 518,459 |
| SunAmerica - Aggressive Growth Portfolio - Class 1 | -- | -- | -- | -- | -- | 19 | 19 |
| SunAmerica - SunAmerica Balanced Portfolio - Class 1 | 3 | -- | 3 | -- | -- | 8 | 11 |
| UIF Core Plus Fixed Income Portfolio - Class I | 133,297 | (50,505) | 82,792 | 87,310 | 8,025 | (76,010) | 102,117 |
| UIF Emerging Markets Equity Portfolio - Class I | 13,092 | (27,157) | (14,065) | (189,676) | -- | 583,694 | 379,953 |
| UIF Equity Growth Portfolio - Class I | 19,124 | (155,646) | (136,522) | (733,228) | -- | 1,524,246 | 654,496 |
| UIF Global Value Equity Portfolio - Class I | 46,467 | (86,086) | (39,619) | (9,056) | -- | 726,815 | 678,140 |
| UIF High Yield Portfolio - Class I | 386,089 | (86,943) | 299,146 | (789,593) | -- | 958,453 | 468,006 |
| UIF International Magnum Portfolio - Class I | 110,822 | (53,855) | 56,967 | (143,292) | -- | 642,320 | 555,995 |
| UIF U.S. Mid Cap Value Portfolio - Class I | 3,102 | (184,121) | (181,019) | 109,158 | -- | 1,684,873 | 1,613,012 |
| UIF U.S. Real Estate Portfolio - Class I | 71,469 | (60,249) | 11,220 | 280,784 | 83,200 | 940,983 | 1,316,187 |
| UIF Value Portfolio - Class I | 112,664 | (159,267) | (46,603) | 448,435 | 356,932 | 951,990 | 1,710,754 |
| VALIC Company I - Blue Chip Growth Fund | 315 | (175) | 140 | 2 | -- | 6,870 | 7,012 |
| VALIC Company I - Health Sciences Fund | -- | (100) | (100) | (3) | 3,173 | 828 | 3,898 |
| VALIC Company I - Income & Growth Fund | 518 | (95) | 423 | 1 | -- | 3,841 | 4,265 |
| VALIC Company I - International Equities Fund | 12,756 | (10,688) | 2,068 | (144,426) | -- | 287,798 | 145,440 |
| VALIC Company I - Mid Cap Index Fund | 52,993 | (82,976) | (29,983) | 52,953 | 111,823 | 728,445 | 863,238 |
| VALIC Company I - Money Market I Fund | 74,243 | (70,540) | 3,703 | -- | -- | -- | 3,703 |
| VALIC Company I - Nasdaq-100 Index Fund | 4,448 | (11,384) | (6,936) | 38,833 | -- | 27,151 | 59,048 |
| VALIC Company I - Science & Technology Fund | -- | (6,941) | (6,941) | (38,161) | -- | 40,937 | (4,165) |
| VALIC Company I - Small Cap Index Fund | 7,399 | (11,883) | (4,484) | 56,854 | -- | 83,276 | 135,646 |
| VALIC Company I - Social Awareness Fund | 32 | (40) | (8) | (16) | -- | 254 | 230 |
| VALIC Company I - Stock Index Fund | 138,749 | (115,203) | 23,546 | (553,113) | 121,388 | 1,168,404 | 760,225 |
| Van Kampen Comstock Fund | 79,158 | (45,692) | 33,466 | 18,082 | -- | 911,408 | 962,956 |
| Van Kampen Corporate Bond Fund | 15,227 | (2,255) | 12,972 | 5 | -- | (335) | 12,642 |
| Van Kampen High Yield Fund | 453,357 | (48,544) | 404,813 | (590,290) | -- | 781,096 | 595,619 |

| | | | | | | | |
|--|-----------|-------------|-----------|--------------|---------|------------|------------|
| Van Kampen LIT Emerging Growth Portfolio - Class I | -- | (253,874) | (253,874) | (1,214,707) | -- | 2,336,820 | 868,239 |
| Van Kampen LIT Enterprise Portfolio - Class I | 84,282 | (283,361) | (199,079) | (2,348,871) | -- | 2,973,707 | 425,757 |
| Van Kampen LIT Government Portfolio - Class I | 508,145 | (138,168) | 369,977 | 60,046 | -- | (151,238) | 278,785 |
| Van Kampen LIT Growth and Income Portfolio - Class I | 512,905 | (701,459) | (188,554) | 1,288,086 | -- | 4,897,040 | 5,996,572 |
| Van Kampen LIT Money Market Portfolio - Class I | 38,447 | (62,420) | (23,973) | -- | -- | -- | (23,973) |
| Van Kampen Reserve Fund | 1,442 | (3,130) | (1,688) | -- | -- | -- | (1,688) |
| Vanguard VIF High Yield Bond Portfolio | -- | -- | -- | -- | -- | 15 | 15 |
| Vanguard VIF REIT Index Portfolio | -- | -- | -- | -- | -- | 48 | 48 |
| WM VT Balanced Portfolio | 4,937,167 | (3,717,771) | 1,219,396 | 146,194 | -- | 20,509,231 | 21,874,821 |
| WM VT Conservative Balanced Portfolio | 271,113 | (187,893) | 83,220 | 209,296 | -- | 611,480 | 903,996 |
| WM VT Conservative Growth Portfolio | 2,682,539 | (2,724,480) | (41,941) | (2,980,291) | -- | 21,717,883 | 18,695,651 |
| WM VT Equity Income Fund | 377,020 | (298,353) | 78,667 | 900,381 | -- | 2,535,540 | 3,514,588 |
| WM VT Flexible Income Portfolio | 1,875,104 | (782,401) | 1,092,703 | 1,288,033 | -- | 306,970 | 2,687,706 |
| WM VT Growth & Income Fund | 496,459 | (657,883) | (161,424) | (304,992) | -- | 3,826,735 | 3,360,319 |
| WM VT Growth Fund | -- | (671,146) | (671,146) | (13,313,519) | -- | 16,937,857 | 2,953,192 |
| WM VT Income Fund | 1,441,986 | (337,212) | 1,104,774 | 700,919 | -- | (870,343) | 935,350 |
| WM VT International Growth Fund | 98,151 | (113,123) | (14,972) | (153,668) | -- | 1,087,460 | 918,820 |
| WM VT Mid Cap Stock Fund | 21,768 | (92,222) | (70,454) | 289,286 | 106,704 | 496,467 | 822,003 |
| WM VT Money Market Fund | 104,616 | (178,067) | (73,451) | -- | -- | -- | (73,451) |
| WM VT Short Term Income Fund | 379,039 | (136,385) | 242,654 | 124,655 | -- | (303,053) | 64,256 |
| WM VT Small Cap Growth Fund | -- | (180,513) | (180,513) | (1,684,878) | -- | 2,200,386 | 334,995 |
| WM VT Strategic Growth Portfolio | 409,473 | (874,978) | (465,505) | (1,656,408) | -- | 8,761,484 | 6,639,571 |
| WM VT U.S. Government Securities Fund | 1,094,208 | (390,128) | 704,080 | 254,204 | -- | (339,456) | 618,828 |
| WM VT West Coast Equity Fund | 60,022 | (319,667) | (259,645) | 357,439 | -- | 2,364,853 | 2,462,647 |

</TABLE>

See accompanying notes.

D-6

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>

<CAPTION>

| | Divisions | | | |
|--|--|---|---|--|
| | AIM V.I. International Growth Fund - Series 1 | AIM V.I. Premier Equity Fund - Series 1 | Alger American Leveraged AllCap Portfolio - Class O Shares | Alger American Midcap Growth Portfolio - Class O Shares |
| <S> | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (18,313) | \$ (74,333) | \$ -- | \$ -- |
| Net realized gain (loss) on investments | (230,043) | (904,079) | -- | -- |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 748,826 | 1,290,161 | 4 | 13 |
| Increase (decrease) in net assets resulting from operations | 500,470 | 311,749 | 4 | 13 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 6,902 | 27,815 | 196 | 196 |
| Net transfers from (to) other Divisions or fixed rate option | (137,967) | (299,522) | 2 | 1 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (285,163) | (943,918) | -- | -- |
| Increase (decrease) in net assets resulting from principal transactions | (416,228) | (1,215,625) | 198 | 197 |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 84,242 | (903,876) | 202 | 210 |
| NET ASSETS: | | | | |
| Beginning of year | 2,516,223 | 8,811,182 | -- | -- |
| End of year | \$2,600,465 | \$ 7,907,306 | \$202 | \$210 |

For the Year Ended December 31, 2003

OPERATIONS:

| | | | | |
|---|-------------|-------------|-------|-------|
| Net investment income (loss) | \$ (17,414) | \$ (85,039) | \$ -- | \$ -- |
| Net realized gain (loss) on investments | (323,139) | (1,092,501) | -- | -- |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 880,921 | 2,892,560 | -- | -- |
| | ----- | ----- | ---- | ---- |

Increase (decrease) in net assets resulting from operations

| | | | | |
|--|---------|-----------|------|------|
| | 540,368 | 1,715,020 | -- | -- |
| | ----- | ----- | ---- | ---- |

PRINCIPAL TRANSACTIONS:

| | | | | |
|--|-----------|-----------|------|------|
| Net contract purchase payments | 7,542 | 39,473 | -- | -- |
| Net transfers from (to) other Divisions or fixed rate option | (72,001) | (253,875) | -- | -- |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (171,764) | (736,477) | -- | -- |
| | ----- | ----- | ---- | ---- |

Increase (decrease) in net assets resulting from principal transactions

| | | | | |
|--|-----------|-----------|------|------|
| | (236,223) | (950,879) | -- | -- |
| | ----- | ----- | ---- | ---- |

TOTAL INCREASE (DECREASE) IN NET ASSETS

| | | | | |
|--|---------|---------|----|----|
| | 304,145 | 764,141 | -- | -- |
|--|---------|---------|----|----|

NET ASSETS:

| | | | | |
|-------------------|-------------|--------------|-------|-------|
| Beginning of year | 2,212,078 | 8,047,041 | -- | -- |
| | ----- | ----- | ---- | ---- |
| End of year | \$2,516,223 | \$ 8,811,182 | \$ -- | \$ -- |
| | ===== | ===== | ===== | ===== |

</TABLE>

See accompanying notes.

D-7

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

Divisions

| | American Century VP Inflation Protection Fund - Class II | American Century VP Value Fund - Class I | Ayco Growth Fund | Credit Suisse Small Cap Growth Portfolio |
|-----|--|--|------------------|--|
| | ----- | ----- | ----- | ----- |
| <S> | <C> | <C> | <C> | <C> |

For the Year Ended December 31, 2004

OPERATIONS:

| | | | | |
|---|-------|------------|-------|------------|
| Net investment income (loss) | \$ 3 | \$ (9,179) | \$ -- | \$ (9,687) |
| Net realized gain (loss) on investments | -- | 64,531 | -- | 21,932 |
| Capital gain distributions from mutual funds | -- | 19,620 | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 7 | 244,957 | -- | 49,039 |
| | ----- | ----- | ----- | ----- |

Increase (decrease) in net assets resulting from operations

| | | | | |
|--|-------|---------|-------|--------|
| | 10 | 319,929 | -- | 61,284 |
| | ----- | ----- | ----- | ----- |

PRINCIPAL TRANSACTIONS:

| | | | | |
|--|-------|-----------|-------|----------|
| Net contract purchase payments | 196 | 15,403 | -- | 4,196 |
| Net transfers from (to) other Divisions or fixed rate option | -- | 181,536 | -- | 99,838 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | -- | (436,233) | -- | (98,237) |
| | ----- | ----- | ----- | ----- |

Increase (decrease) in net assets resulting from principal transactions

| | | | | |
|--|-------|-----------|-------|-------|
| | 196 | (239,294) | -- | 5,797 |
| | ----- | ----- | ----- | ----- |

TOTAL INCREASE (DECREASE) IN NET ASSETS

| | | | | |
|--|-----|--------|----|--------|
| | 206 | 80,635 | -- | 67,081 |
|--|-----|--------|----|--------|

NET ASSETS:

| | | | | |
|-------------------|-------|-------------|-------|-----------|
| Beginning of year | -- | 2,649,270 | -- | 692,297 |
| | ----- | ----- | ----- | ----- |
| End of year | \$206 | \$2,729,905 | \$ -- | \$759,378 |
| | ===== | ===== | ===== | ===== |

For the Year Ended December 31, 2003

OPERATIONS:

| | | | | |
|---|-------|-------------|------------|------------|
| Net investment income (loss) | \$ -- | \$ (6,108) | \$ (1,635) | \$ (5,441) |
| Net realized gain (loss) on investments | -- | (6,952) | (10,900) | (7,817) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | -- | 568,016 | 49,425 | 163,136 |
| Increase (decrease) in net assets resulting from operations | -- | 554,956 | 36,890 | 149,878 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | -- | 18,860 | -- | 4,750 |
| Net transfers from (to) other Divisions or fixed rate option | -- | 143,968 | (210,290) | 302,222 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | -- | (177,283) | (11,388) | (12,344) |
| Increase (decrease) in net assets resulting from principal transactions | -- | (14,455) | (221,678) | 294,628 |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | -- | 540,501 | (184,788) | 444,506 |
| NET ASSETS: | | | | |
| Beginning of year | -- | 2,108,769 | 184,788 | 247,791 |
| End of year | \$ -- | \$2,649,270 | \$ -- | \$692,297 |

</TABLE>

See accompanying notes.

D-8

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

| | Divisions | | | |
|---|--|--|--|--|
| | Dreyfus IP MidCap Stock Portfolio - Initial shares | Dreyfus Socially Responsible Growth Fund - Initial shares | Dreyfus VIF Developing Leaders Portfolio - Initial shares | Dreyfus VIF Quality Bond Portfolio - Initial shares |
| <S> | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (10,694) | \$ (32,226) | \$ (55,679) | \$ 195,804 |
| Net realized gain (loss) on investments | 43,550 | (400,719) | 158 | (1,719) |
| Capital gain distributions from mutual funds | 26,518 | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 69,978 | 572,997 | 489,258 | (60,894) |
| Increase (decrease) in net assets resulting from operations | 129,352 | 140,052 | 433,737 | 133,191 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 4,962 | 12,777 | 20,462 | 7,364 |
| Net transfers from (to) other Divisions or fixed rate option | 87,667 | (188,861) | (276,165) | (266,425) |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (159,919) | (347,643) | (528,338) | (729,388) |
| Increase (decrease) in net assets resulting from principal transactions | (67,290) | (523,727) | (784,041) | (988,449) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 62,062 | (383,675) | (350,304) | (855,258) |
| NET ASSETS: | | | | |
| Beginning of year | 1,118,114 | 3,515,708 | 4,988,809 | 7,835,773 |
| End of year | \$1,180,176 | \$3,132,033 | \$4,638,505 | \$ 6,980,515 |

For the Year Ended December 31, 2003

| | | | | |
|---|------------|-------------|-------------|-------------|
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (8,349) | \$ (40,527) | \$ (60,023) | \$ 224,200+ |
| Net realized gain (loss) on investments | (2,535) | (432,362) | (712,615) | 170,630 |

| | | | | |
|---|-------------|-------------|-------------|--------------|
| Capital gain distributions from mutual funds | -- | -- | -- | 168,554+ |
| Net change in unrealized appreciation (depreciation) of investments | 235,781 | 1,184,105 | 1,982,417 | (250,711) |
| Increase (decrease) in net assets resulting from operations | 224,897 | 711,216 | 1,209,779 | 312,673 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 13,486 | 5,631 | 20,340 | 19,353 |
| Net transfers from (to) other Divisions or fixed rate option | 195,861 | (134,294) | (362,475) | (67,519) |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (30,983) | (286,978) | (313,126) | (1,125,913) |
| Increase (decrease) in net assets resulting from principal transactions | 178,364 | (415,641) | (655,261) | (1,174,079) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 403,261 | 295,575 | 554,518 | (861,406) |
| NET ASSETS: | | | | |
| Beginning of year | 714,853 | 3,220,133 | 4,434,291 | 8,697,179 |
| End of year | \$1,118,114 | \$3,515,708 | \$4,988,809 | \$ 7,835,773 |

</TABLE>

See accompanying notes.

D-9

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

| | Divisions | | | |
|---|--|---|--|---|
| | Evergreen Offit VA Emerging Markets Bond Fund - Class 1 | Evergreen-Offit VA U.S. Government Securities Fund - Class 1 | Evergreenn VA High Income Fund - Class 1 | Evergreen VA Strategic Income Fund - Class 1 |
| <S> | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ -- | \$ -- | \$ 276,243 | \$ 1,457 |
| Net realized gain (loss) on investments | -- | -- | 1,714 | 134 |
| Capital gain distributions from mutual funds | -- | -- | -- | 304 |
| Net change in unrealized appreciation (depreciation) of investments | -- | -- | 154,493 | 1,676 |
| Increase (decrease) in net assets resulting from operations | -- | -- | 432,450 | 3,571 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | -- | -- | -- | -- |
| Net transfers from (to) other Divisions or fixed rate option | -- | -- | 34,022 | 34,083 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | -- | -- | (2,917) | (2,914) |
| Increase (decrease) in net assets resulting from principal transactions | -- | -- | 31,105 | 31,169 |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | -- | -- | 463,555 | 34,740 |
| NET ASSETS: | | | | |
| Beginning of year | -- | -- | 5,201,999 | -- |
| End of year | \$ -- | \$ -- | \$ 5,665,554 | \$34,740 |

For the Year Ended December 31, 2003

| | | | | |
|---|-----------|------------|------------|---------|
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ 31,690 | \$ (1,022) | \$ 549,948 | \$ (47) |
| Net realized gain (loss) on investments | 656,232 | 7,691 | 8,181 | 482 |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of | | | | |

| | | | | |
|---|-------------|-----------|--------------|---------|
| investments | (157,261) | (6,650) | 267,242 | 160 |
| Increase (decrease) in net assets resulting from operations | 530,661 | 19 | 825,371 | 595 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | -- | -- | -- | -- |
| Net transfers from (to) other Divisions or fixed rate option | (4,860,740) | (376,609) | -- | 1 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (539,719) | (156,467) | (3,106,190) | (8,221) |
| Increase (decrease) in net assets resulting from principal transactions | (5,400,459) | (533,076) | (3,106,190) | (8,220) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | (4,869,798) | (533,057) | (2,280,819) | (7,625) |
| NET ASSETS: | | | | |
| Beginning of year | 4,869,798 | 533,057 | 7,482,818 | 7,625 |
| End of year | \$ -- | \$ -- | \$ 5,201,999 | \$ -- |

</TABLE>

See accompanying notes.

D-10

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

| | Divisions | | | |
|---|--|--|--|---|
| | Fidelity VIP Asset Manager Portfolio - Initial Class | Fidelity VIP Asset Manager Portfolio - Service Class 2 | Fidelity VIP Contrafund Portfolio - Service Class 2 | Fidelity VIP Equity-Income Portfolio - Service Class 2 |
| <S> | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ 1,481 | \$ 13,003 | \$ (40,973) | \$ 6,279 |
| Net realized gain (loss) on investments | (2,740) | (2,836) | 149,966 | 36,031 |
| Capital gain distributions from mutual funds | -- | -- | -- | 15,262 |
| Net change in unrealized appreciation (depreciation) of investments | 5,682 | 29,315 | 345,697 | 310,889 |
| Increase (decrease) in net assets resulting from operations | 4,423 | 39,482 | 454,690 | 368,461 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | -- | 29,151 | 21,797 | 40,698 |
| Net transfers from (to) other Divisions or fixed rate option | 9,295 | 123,729 | 767,372 | 84,413 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (8,495) | (115,227) | (654,273) | (479,499) |
| Increase (decrease) in net assets resulting from principal transactions | 800 | 37,653 | 134,896 | (354,388) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 5,223 | 77,135 | 589,586 | 14,073 |
| NET ASSETS: | | | | |
| Beginning of year | 140,085 | 1,101,182 | 3,183,882 | 4,095,177 |
| End of year | \$145,308 | \$1,178,317 | \$3,773,468 | \$4,109,250 |

For the Year Ended December 31, 2003

| | | | | |
|--|----------|-----------|-------------|-----------|
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ 2,478 | \$ 20,759 | \$ (28,029) | \$ 9,948 |
| Net realized gain (loss) on investments | (1,289) | (13,056) | 678 | (135,015) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation | | | | |

| | | | | |
|---|-----------|-------------|-------------|-------------|
| (depreciation) of investments | 18,385 | 140,749 | 666,662 | 1,014,703 |
| Increase (decrease) in net assets resulting from operations | 19,574 | 148,452 | 639,311 | 889,636 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | -- | 18,554 | 23,413 | 28,728 |
| Net transfers from (to) other Divisions or fixed rate option | 1 | 65,332 | 671,797 | 338,427 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (1,343) | (79,725) | (253,089) | (364,985) |
| Increase (decrease) in net assets resulting from principal transactions | (1,342) | 4,161 | 442,121 | 2,170 |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 18,232 | 152,613 | 1,081,432 | 891,806 |
| NET ASSETS: | | | | |
| Beginning of year | 121,853 | 948,569 | 2,102,450 | 3,203,371 |
| End of year | \$140,085 | \$1,101,182 | \$3,183,882 | \$4,095,177 |

</TABLE>

See accompanying notes.

D-11

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

| | Divisions | | | |
|---|---|---|---|--|
| | Fidelity VIP Growth Portfolio - Service Class 2 | Fidelity VIP Index 500 Portfolio - Initial Class | Fidelity VIP Mid Cap Portfolio - Service Class 2 | Fidelity VIP Overseas Portfolio - Initial Class |
| <S> | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (34,232) | \$ (200) | \$ -- | \$ (208) |
| Net realized gain (loss) on investments | (34,704) | 85 | -- | (7,452) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 109,155 | 7,017 | 34 | 10,075 |
| Increase (decrease) in net assets resulting from operations | 40,219 | 6,902 | 34 | 2,415 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 11,764 | -- | 196 | -- |
| Net transfers from (to) other Divisions or fixed rate option | (35,913) | (3) | 2 | 6,464 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (328,298) | (1,994) | -- | (5,411) |
| Increase (decrease) in net assets resulting from principal transactions | (352,447) | (1,997) | 198 | 1,053 |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | (312,228) | 4,905 | 232 | 3,468 |
| NET ASSETS: | | | | |
| Beginning of year | 2,993,689 | 77,640 | -- | 30,693 |
| End of year | \$2,681,461 | \$82,545 | \$232 | \$ 34,161 |

For the Year Ended December 31, 2003

| | | | | |
|--|-------------|----------|-------|----------|
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (30,689) | \$ (122) | \$ -- | \$ (336) |
| Net realized gain (loss) on investments | (135,596) | (558) | -- | (29,218) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |

| | | | | |
|---|-------------|----------|-------|-----------|
| Net change in unrealized appreciation (depreciation) of investments | 839,171 | 17,265 | -- | 38,715 |
| Increase (decrease) in net assets resulting from operations | 672,886 | 16,585 | -- | 9,161 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 12,330 | -- | -- | -- |
| Net transfers from (to) other Divisions or fixed rate option | 413,130 | -- | -- | (44,668) |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (289,157) | (2,900) | -- | (186) |
| Increase (decrease) in net assets resulting from principal transactions | 136,303 | (2,900) | -- | (44,854) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 809,189 | 13,685 | -- | (35,693) |
| NET ASSETS: | | | | |
| Beginning of year | 2,184,500 | 63,955 | -- | 66,386 |
| End of year | \$2,993,689 | \$77,640 | \$ -- | \$ 30,693 |

</TABLE>

See accompanying notes.

D-12

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

| | Divisions | | | |
|---|---|---|--|--|
| | Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2 | Frankline Templeton Franklin U.S. Government Fund - Class 2 | Franklin Templeton - Mutual Shares Securities Fund - Class 2 | Franklin Templeton - Foreign Securities Fund - Class 2 |
| <S> | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ -- | \$ -- | \$ -- | \$ (4,649) |
| Net realized gain (loss) on investments | -- | -- | -- | (70,138) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 26 | 6 | 18 | 358,489 |
| Increase (decrease) in net assets resulting from operations | 26 | 6 | 18 | 283,702 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 196 | 196 | 196 | 9,539 |
| Net transfers from (to) other Divisions or fixed rate option | 1 | -- | -- | 19,546 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | -- | -- | -- | (90,787) |
| Increase (decrease) in net assets resulting from principal transactions | 197 | 196 | 196 | (61,702) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 223 | 202 | 214 | 222,000 |
| NET ASSETS: | | | | |
| Beginning of year | -- | -- | -- | 1,702,799 |
| End of year | \$223 | \$202 | \$214 | \$1,924,799 |

For the Year Ended December 31, 2003

| | | | | |
|------------------------------|-------|-------|-------|----------|
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ -- | \$ -- | \$ -- | \$ 4,404 |

| | | | | |
|---|-------|-------|-------|-------------|
| Net realized gain (loss) on investments | -- | -- | -- | (59,704) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | -- | -- | -- | 430,189 |
| Increase (decrease) in net assets resulting from operations | -- | -- | -- | 374,889 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | -- | -- | -- | 6,189 |
| Net transfers from (to) other Divisions or fixed rate option | -- | -- | -- | 208,966 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | -- | -- | -- | (34,900) |
| Increase (decrease) in net assets resulting from principal transactions | -- | -- | -- | 180,255 |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | -- | -- | -- | 555,144 |
| NET ASSETS: | | | | |
| Beginning of year | -- | -- | -- | 1,147,655 |
| End of year | \$ -- | \$ -- | \$ -- | \$1,702,799 |

</TABLE>

See accompanying notes.

D-13

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

| | Divisions | | | |
|---|---|-----------------------------------|--|--|
| | Franklin Templeton - Templeton Global Asset Allocation Fund - Class 2 | Goldman Sachs Capital Growth Fund | Janus Aspen Series International Growth Portfolio - Service Shares | Janus Aspen Series Mid Cap Growth Portfolio - Service Shares |
| | <C> | <C> | <C> | <C> |
| <S> | | | | |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ 27,705 | \$ (1,155) | \$ (1,638) | \$ (12,536) |
| Net realized gain (loss) on investments | (3,029) | 691 | (1,300) | (32,776) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 235,009 | 13,460 | 61,235 | 208,319 |
| Increase (decrease) in net assets resulting from operations | 259,685 | 12,996 | 58,297 | 163,007 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 3,805 | -- | 6,856 | 5,267 |
| Net transfers from (to) other Divisions or fixed rate option | 74,931 | (2) | 29,238 | 64,009 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (171,337) | (15,124) | (17,081) | (112,304) |
| Increase (decrease) in net assets resulting from principal transactions | (92,601) | (15,126) | 19,013 | (43,028) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 167,084 | (2,130) | 77,310 | 119,979 |
| NET ASSETS: | | | | |
| Beginning of year | 1,914,777 | 182,963 | 316,869 | 886,100 |
| End of year | \$2,081,861 | \$180,833 | \$394,179 | \$1,006,079 |

For the Year Ended December 31, 2003

| | | | | |
|------------------------------|-----------|---------|------------|-------------|
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ 20,523 | \$ (81) | \$ (1,021) | \$ (10,418) |

| | | | | |
|---|-------------|-----------|-----------|------------|
| Net realized gain (loss) on investments | (87,100) | 2 | (9,933) | (63,259) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 521,037 | 4,006 | 89,670 | 298,657 |
| Increase (decrease) in net assets resulting from operations | 454,460 | 3,927 | 78,716 | 224,980 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 9,916 | -- | 4,427 | 16,362 |
| Net transfers from (to) other Divisions or fixed rate option | 16,274 | 179,036 | 5,118 | 47,914 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (215,753) | -- | (14,914) | (92,115) |
| Increase (decrease) in net assets resulting from principal transactions | (189,563) | 179,036 | (5,369) | (27,839) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 264,897 | 182,963 | 73,347 | 197,141 |
| NET ASSETS: | | | | |
| Beginning of year | 1,649,880 | -- | 243,522 | 688,959 |
| End of year | \$1,914,777 | \$182,963 | \$316,869 | \$ 886,100 |

</TABLE>

See accompanying notes.

D-14

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

| | Divisions | | | |
|---|---|---|---|----------------------------|
| | Janus Aspen Series Worldwide Growth Portfolio - Service Shares | JPMorgan Mid Cap Value Portfolio | JPMorgan Small Company Portfolio | LEVCO Equity Value Fund |
| | <C> | <C> | <C> | <C> |
| <S> | | | | |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (3,405) | \$ -- | \$ (4,681) | \$ 685 |
| Net realized gain (loss) on investments | (18,224) | -- | 6,197 | 1,755 |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 41,652 | 24 | 86,229 | 5,063 |
| Increase (decrease) in net assets resulting from operations | 20,023 | 24 | 87,745 | 7,503 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 4,822 | 196 | 4,196 | -- |
| Net transfers from (to) other Divisions or fixed rate option | (28,772) | -- | 88,888 | 34,380 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (58,455) | -- | (24,021) | (10,982) |
| Increase (decrease) in net assets resulting from principal transactions | (82,405) | 196 | 69,063 | 23,398 |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | (62,382) | 220 | 156,808 | 30,901 |
| NET ASSETS: | | | | |
| Beginning of year | 803,247 | -- | 291,844 | 34,752 |
| End of year | \$ 740,865 | \$220 | \$ 448,652 | \$ 65,653 |

For the Year Ended December 31, 2003

| | | | | |
|---|------------|-------|------------|------------|
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (4,246) | \$ -- | \$ (3,034) | \$ (1,018) |
| Net realized gain (loss) on investments | (96,384) | -- | (3,415) | (27,278) |
| Capital gain distributions from mutual funds | -- | -- | -- | 559 |
| Net change in unrealized appreciation (depreciation) of investments | 257,787 | -- | 75,133 | 51,489 |

| | | | | |
|---|------------|-------|------------|-----------|
| Increase (decrease) in net assets resulting from operations | 157,157 | -- | 68,684 | 23,752 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 328 | -- | 250 | -- |
| Net transfers from (to) other Divisions or fixed rate option | (111,837) | -- | 33,553 | 5,291 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (86,079) | -- | (5,028) | (141,622) |
| Increase (decrease) in net assets resulting from principal transactions | (197,588) | -- | 28,775 | (136,331) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | (40,431) | -- | 97,459 | (112,579) |
| NET ASSETS: | | | | |
| Beginning of year | 843,678 | -- | 194,385 | 147,331 |
| End of year | \$ 803,247 | \$ -- | \$ 291,844 | \$ 34,752 |

</TABLE>

See accompanying notes.

D-15

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

| | Divisions | | | |
|---|--|--|--|---|
| | MFS VIT Capital Opportunities Series - Initial Class | MFS VIT Emerging Growth Series - Initial Class | MFS VIT New Discovery Series - Initial Class | MFS VIT Research Series - Initial Class |
| <S> | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (16,797) | \$ (77,519) | \$ (10,557) | \$ (2,626) |
| Net realized gain (loss) on investments | (67,425) | (1,252,825) | 12,906 | 7,743 |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 259,859 | 1,938,688 | 33,574 | 120,870 |
| Increase (decrease) in net assets resulting from operations | 175,637 | 608,344 | 35,923 | 125,987 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 60,013 | 33,745 | 7,918 | 55,543 |
| Net transfers from (to) other Divisions or fixed rate option | (70,958) | (253,664) | 31,020 | 8,179 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (182,161) | (649,282) | (96,489) | (159,557) |
| Increase (decrease) in net assets resulting from principal transactions | (193,106) | (869,201) | (57,551) | (95,835) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | (17,469) | (260,857) | (21,628) | 30,152 |
| NET ASSETS: | | | | |
| Beginning of year | 1,774,368 | 6,025,670 | 822,829 | 945,198 |
| End of year | \$ 1,756,899 | \$ 5,764,813 | \$ 801,201 | \$ 975,350 |

For the Year Ended December 31, 2003

| | | | | |
|---|-------------|-------------|-------------|------------|
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (17,699) | \$ (74,513) | \$ (10,406) | \$ (5,905) |
| Net realized gain (loss) on investments | (77,450) | (1,260,887) | (29,020) | (77,058) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 463,402 | 2,713,975 | 259,468 | 273,332 |
| Increase (decrease) in net assets resulting from operations | 368,253 | 1,378,575 | 220,042 | 190,369 |

PRINCIPAL TRANSACTIONS:

| | | | | |
|---|-------------|--------------|-----------|------------|
| Net contract purchase payments | 14,814 | 42,966 | 12,367 | 11,941 |
| Net transfers from (to) other Divisions or fixed rate option | 47,251 | (142,220) | (43,313) | (91) |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (114,129) | (415,100) | (65,407) | (185,139) |
| | ----- | ----- | ----- | ----- |
| Increase (decrease) in net assets resulting from principal transactions | (52,064) | (514,354) | (96,353) | (173,289) |
| | ----- | ----- | ----- | ----- |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 316,189 | 864,221 | 123,689 | 17,080 |
| NET ASSETS: | | | | |
| Beginning of year | 1,458,179 | 5,161,449 | 699,140 | 928,118 |
| | ----- | ----- | ----- | ----- |
| End of year | \$1,774,368 | \$ 6,025,670 | \$822,829 | \$ 945,198 |
| | ===== | ===== | ===== | ===== |

</TABLE>

See accompanying notes.

D-16

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

| | Divisions | | | |
|--|---|--|---|----------|
| | Neuberger Berman AMT Balanced Portfolio - Class I | Neuberger Berman AMT Mid- Cap Growth Portfolio - Class I | Neuberger Berman AMT Partners Portfolio - Class I | |
| | ----- | ----- | ----- | ----- |
| <S> | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (3,216) | \$ (117) | \$ (10,403) | \$ (103) |
| Net realized gain (loss) on investments | 4,886 | (1,651) | (3,554) | (568) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | (154,825) | 1,868 | 123,841 | 329 |
| | ----- | ----- | ----- | ----- |
| Increase (decrease) in net assets resulting from operations | (153,155) | 100 | 109,884 | (342) |
| | ----- | ----- | ----- | ----- |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | (15,000) | -- | 3,752 | -- |
| Net transfers from (to) other Divisions or fixed rate option | (1,672,837) | 6,220 | 44,455 | 4,774 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (707,190) | (5,567) | (69,780) | (4,012) |
| | ----- | ----- | ----- | ----- |
| Increase (decrease) in net assets resulting from principal transactions | (2,395,027) | 653 | (21,573) | 762 |
| | ----- | ----- | ----- | ----- |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | (2,548,182) | 753 | 88,311 | 420 |
| NET ASSETS: | | | | |
| Beginning of year | 2,548,182 | 10,037 | 747,393 | 2,510 |
| | ----- | ----- | ----- | ----- |
| End of year | \$ -- | \$10,790 | \$835,704 | \$ 2,930 |
| | ===== | ===== | ===== | ===== |

For the Year Ended December 31, 2003

| | | | | |
|--|------------|-------|------------|----------|
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (9,796) | \$ 42 | \$ (7,116) | \$ (124) |
| Net realized gain (loss) on investments | (269,817) | (4) | (10,296) | (13,085) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 1,126,014 | 1,232 | 136,101 | 12,813 |
| | ----- | ----- | ----- | ----- |
| Increase (decrease) in net assets resulting from operations | 846,401 | 1,270 | 118,689 | (396) |
| | ----- | ----- | ----- | ----- |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 72,611 | -- | 5,250 | -- |
| Net transfers from (to) other Divisions or fixed rate option | (103,025) | -- | 245,360 | 1 |

| | | | | |
|---|--------------|----------|-----------|----------|
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (440,937) | (13) | (15,949) | (27,608) |
| | ----- | ----- | ----- | ----- |
| Increase (decrease) in net assets resulting from principal transactions | (471,351) | (13) | 234,661 | (27,607) |
| | ----- | ----- | ----- | ----- |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 375,050 | 1,257 | 353,350 | (28,003) |
| NET ASSETS: | | | | |
| Beginning of year | 2,173,132 | 8,780 | 394,043 | 30,513 |
| | ----- | ----- | ----- | ----- |
| End of year | \$ 2,548,182 | \$10,037 | \$747,393 | \$ 2,510 |
| | ===== | ===== | ===== | ===== |

</TABLE>

See accompanying notes.

D-17

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

| | Divisions | | | |
|---|---|---|--|---|
| | Oppenheimer Balanced Fund/VA - Non-Service Shares | Oppenheimer Global Securities Fund/VA - Non-Service Shares | PIMCO VIT Real Return Portfolio - Administrative Class | PIMCO VIT Short-Term Portfolio - Administrative Class |
| | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ -- | \$ -- | \$ (17,710) | \$ (1,134) |
| Net realized gain (loss) on investments | -- | -- | 129,255 | 1,313 |
| Capital gain distributions from mutual funds | -- | -- | 144,823 | 2,919 |
| Net change in unrealized appreciation (depreciation) of investments | 17 | 30 | 80,451 | (3,845) |
| | ---- | ---- | ----- | ----- |
| Increase (decrease) in net assets resulting from operations | 17 | 30 | 336,819 | (747) |
| | ---- | ---- | ----- | ----- |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 196 | 196 | 32,409 | 7,902 |
| Net transfers from (to) other Divisions or fixed rate option | -- | -- | (96,115) | 8,093 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | -- | -- | (460,867) | (106,287) |
| | ---- | ---- | ----- | ----- |
| Increase (decrease) in net assets resulting from principal transactions | 196 | 196 | (524,573) | (90,292) |
| | ---- | ---- | ----- | ----- |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 213 | 226 | (187,754) | (91,039) |
| NET ASSETS: | | | | |
| Beginning of year | -- | -- | 4,854,532 | 1,362,987 |
| | ---- | ---- | ----- | ----- |
| End of year | \$213 | \$226 | \$ 4,666,778 | \$1,271,948 |
| | ===== | ===== | ===== | ===== |

For the Year Ended December 31, 2003

OPERATIONS:

| | | | | |
|---|-------|-------|------------|-----------|
| Net investment income (loss) | \$ -- | \$ -- | \$ 73,788+ | \$ 6,780 |
| Net realized gain (loss) on investments | -- | -- | 159,097 | 1,811 |
| Capital gain distributions from mutual funds | -- | -- | 99,235+ | 1,818 |
| Net change in unrealized appreciation (depreciation) of investments | -- | -- | 42,064 | 1,375 |
| | ---- | ---- | ----- | ----- |
| Increase (decrease) in net assets resulting from operations | -- | -- | 374,184 | 11,784 |
| | ---- | ---- | ----- | ----- |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | -- | -- | 30,649 | 12,178 |
| Net transfers from (to) other Divisions or fixed rate option | -- | -- | (98,048) | (396,696) |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | -- | -- | (653,695) | (162,067) |
| | ---- | ---- | ----- | ----- |
| Increase (decrease) in net assets resulting from principal transactions | -- | -- | (721,094) | (546,585) |

| | | | | |
|---|-------|-------|--------------|-------------|
| TOTAL INCREASE (DECREASE) IN NET ASSETS | ---- | ---- | ----- | ----- |
| NET ASSETS: | -- | -- | (346,910) | (534,801) |
| Beginning of year | -- | -- | 5,201,442 | 1,897,788 |
| End of year | \$ -- | \$ -- | \$ 4,854,532 | \$1,362,987 |
| | ==== | ==== | ===== | ===== |

</TABLE>

See accompanying notes.

D-18

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

| | Divisions | | | |
|--|---|--|--|---|
| | PIMCO VIT Total Return Portfolio - Administrative Class | Pioneer Fund VCT Portfolio - Class I | Pioneer Growth Opportunities VCT Portfolio - Class I | Putnam VT Diversified Income Fund - Class IB |
| | <C> | <C> | <C> | <C> |
| <S> | | | | |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ 23,489 | \$ (1,643) | \$ (2,523) | \$ -- |
| Net realized gain (loss) on investments | 28,130 | 577 | 1,948 | -- |
| Capital gain distributions from mutual funds | 60,899 | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 36,308 | 46,566 | 89,728 | 15 |
| Increase (decrease) in net assets resulting from operations | 148,826 | 45,500 | 89,153 | 15 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 9,654 | 13 | 228 | 196 |
| Net transfers from (to) other Divisions or fixed rate option | (220,785) | 2,115,069 | 3,275,149 | -- |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (411,680) | (31,987) | (131,613) | -- |
| Increase (decrease) in net assets resulting from principal transactions | (622,811) | 2,083,095 | 3,143,764 | 196 |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | (473,985) | 2,128,595 | 3,232,917 | 211 |
| NET ASSETS: | | | | |
| Beginning of year | 4,723,910 | -- | -- | -- |
| End of year | \$4,249,925 | \$2,128,595 | \$3,232,917 | \$211 |
| <S> | | | | |
| For the Year Ended December 31, 2003 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ 75,261+ | \$ -- | \$ -- | \$ -- |
| Net realized gain (loss) on investments | 30,355 | -- | -- | -- |
| Capital gain distributions from mutual funds | 37,286+ | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 32,583 | -- | -- | -- |
| Increase (decrease) in net assets resulting from operations | 175,485 | -- | -- | -- |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 20,554 | -- | -- | -- |
| Net transfers from (to) other Divisions or fixed rate option | 217,668 | -- | -- | -- |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (593,681) | -- | -- | -- |
| Increase (decrease) in net assets resulting from principal transactions | (355,459) | -- | -- | -- |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | (179,974) | -- | -- | -- |
| NET ASSETS: | | | | |
| Beginning of year | 4,903,884 | -- | -- | -- |

End of year

 \$4,723,910 \$ -- \$ -- \$ --
 =====
 =====

</TABLE>

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY
 SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
 <CAPTION>

| | Divisions | | | |
|---|--|---|-------------------------------|--|
| | Putnam VT Growth and Income Fund - Class IB | Putnam VT International Growth and Income Fund - Class IB | Royce Small- Cap Portfolio | Safeco RST Core Equity Portfolio |
| | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ 5,848 | \$ (1,068) | \$ (3,369) | \$ (5,505) |
| Net realized gain (loss) on investments | 18,863 | 14,845 | 294 | (509,440) |
| Capital gain distributions from mutual funds | -- | -- | 52,046 | -- |
| Net change in unrealized appreciation (depreciation) of investments | 233,451 | 98,000 | 144,211 | 598,234 |
| Increase (decrease) in net assets resulting from operations | 258,162 | 111,777 | 193,182 | 83,289 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 18,323 | 656 | 103,087 | 1,026 |
| Net transfers from (to) other Divisions or fixed rate option | 144,397 | 107,884 | 72,472 | (2,210,761) |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (274,290) | (45,534) | -- | (212,541) |
| Increase (decrease) in net assets resulting from principal transactions | (111,570) | 63,006 | 175,559 | (2,422,276) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 146,592 | 174,783 | 368,741 | (2,338,987) |
| NET ASSETS: | | | | |
| Beginning of year | 2,742,198 | 538,099 | 681,782 | 2,338,987 |
| End of year | \$2,888,790 | \$712,882 | \$1,050,523 | \$ -- |
| ===== | | | | |
| For the Year Ended December 31, 2003 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ 11,060 | \$ 438 | \$ (2,282)+ | \$ (8,525) |
| Net realized gain (loss) on investments | (73,910) | (12,905) | 17,067 | (147,079) |
| Capital gain distributions from mutual funds | -- | -- | 38,565+ | -- |
| Net change in unrealized appreciation (depreciation) of investments | 617,448 | 155,851 | 162,809 | 603,368 |
| Increase (decrease) in net assets resulting from operations | 554,598 | 143,384 | 216,159 | 447,764 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 21,599 | 160 | 95,541 | 1,835 |
| Net transfers from (to) other Divisions or fixed rate option | 215,902 | 22,373 | -- | (68,682) |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (262,046) | (21,778) | (115,078) | (173,577) |
| Increase (decrease) in net assets resulting from principal transactions | (24,545) | 755 | (19,537) | (240,424) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 530,053 | 144,139 | 196,622 | 207,340 |
| NET ASSETS: | | | | |
| Beginning of year | 2,212,145 | 393,960 | 485,160 | 2,131,647 |
| End of year | \$2,742,198 | \$538,099 | \$ 681,782 | \$ 2,338,987 |
| ===== | | | | |

</TABLE>

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

| | Divisions | | | |
|---|---|--|---|--|
| | Safeco RST Growth Opportunities Portfolio | SunAmerica - Aggressive Growth Portfolio - Class 1 | SunAmerica - Balanced Portfolio - Class 1 | UIF Core Plus Fixed Income Portfolio - Class I |
| <S> | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (41,421) | \$ -- | \$ 3 | \$ 82,792 |
| Net realized gain (loss) on investments | 395,115 | -- | -- | 87,310 |
| Capital gain distributions from mutual funds | -- | -- | -- | 8,025 |
| Net change in unrealized appreciation (depreciation) of investments | 164,765 | 19 | 8 | (76,010) |
| Increase (decrease) in net assets resulting from operations | 518,459 | 19 | 11 | 102,117 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 11,947 | 196 | 196 | 2,100 |
| Net transfers from (to) other Divisions or fixed rate option | (3,413,211) | 1 | -- | 13,401 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (394,296) | -- | -- | (500,307) |
| Increase (decrease) in net assets resulting from principal transactions | (3,795,560) | 197 | 196 | (484,806) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | (3,277,101) | 216 | 207 | (382,689) |
| NET ASSETS: | | | | |
| Beginning of year | 3,277,101 | -- | -- | 3,860,994 |
| End of year | \$ -- | \$216 | \$207 | \$3,478,305 |
| For the Year Ended December 31, 2003 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (35,745) | \$ -- | \$ -- | \$ (54,747)+ |
| Net realized gain (loss) on investments | (184,327) | -- | -- | 71,838 |
| Capital gain distributions from mutual funds | -- | -- | -- | 31,206+ |
| Net change in unrealized appreciation (depreciation) of investments | 1,154,307 | -- | -- | 77,688 |
| Increase (decrease) in net assets resulting from operations | 934,235 | -- | -- | 125,985 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 12,320 | -- | -- | 1,815 |
| Net transfers from (to) other Divisions or fixed rate option | 63,815 | -- | -- | 395,822 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (221,510) | -- | -- | (666,098) |
| Increase (decrease) in net assets resulting from principal transactions | (145,375) | -- | -- | (268,461) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 788,860 | -- | -- | (142,476) |
| NET ASSETS: | | | | |
| Beginning of year | 2,488,241 | -- | -- | 4,003,470 |
| End of year | \$ 3,277,101 | \$ -- | \$ -- | \$3,860,994 |

</TABLE>

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

| | Divisions | | | |
|--|---|--|--|--|
| | UIF Emerging Markets Equity Portfolio - Class I | UIF Equity Growth Portfolio - Class I | UIF Global Value Equity Portfolio - Class I | UIF High Yield Portfolio - Class I |
| <S> For the Year Ended December 31, 2004 | <C> | <C> | <C> | <C> |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (14,065) | \$ (136,522) | \$ (39,619) | \$ 299,146 |
| Net realized gain (loss) on investments | (189,676) | (733,228) | (9,056) | (789,593) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 583,694 | 1,524,246 | 726,815 | 958,453 |
| Increase (decrease) in net assets resulting from operations | 379,953 | 654,496 | 678,140 | 468,006 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 8,729 | 14,051 | 3,138 | 3,329 |
| Net transfers from (to) other Divisions or fixed rate option | 110,698 | 164,884 | 111,658 | (93,959) |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (203,418) | (1,564,372) | (1,001,182) | (1,255,168) |
| Increase (decrease) in net assets resulting from principal transactions | (83,991) | (1,385,437) | (886,386) | (1,345,798) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 295,962 | (730,941) | (208,246) | (877,792) |
| NET ASSETS: | | | | |
| Beginning of year | 1,871,082 | 11,870,136 | 6,364,535 | 6,729,187 |
| End of year | \$2,167,044 | \$11,139,195 | \$ 6,156,289 | \$ 5,851,395 |
| For the Year Ended December 31, 2003 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (21,138) | \$ (153,179) | \$ (69,505) | \$ (88,580) |
| Net realized gain (loss) on investments | (289,511) | (940,655) | (192,350) | (976,212) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 920,821 | 3,407,140 | 1,665,649 | 2,423,671 |
| Increase (decrease) in net assets resulting from operations | 610,172 | 2,313,306 | 1,403,794 | 1,358,879 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 1,627 | 27,367 | 11,661 | 3,385 |
| Net transfers from (to) other Divisions or fixed rate option | (26,248) | (149,220) | (22,845) | (8,001) |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (248,037) | (1,129,614) | (745,643) | (852,045) |
| Increase (decrease) in net assets resulting from principal transactions | (272,658) | (1,251,467) | (756,827) | (856,661) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 337,514 | 1,061,839 | 646,967 | 502,218 |
| NET ASSETS: | | | | |
| Beginning of year | 1,533,568 | 10,808,297 | 5,717,568 | 6,226,969 |
| End of year | \$1,871,082 | \$11,870,136 | \$ 6,364,535 | \$ 6,729,187 |

</TABLE>

See accompanying notes.

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

| | Divisions | | | |
|---|--|---|---|-------------------------------------|
| | UIF International Magnum Portfolio - Class I | UIF U.S. Mid Cap Value Portfolio - Class I | UIF U.S. Real Estate Portfolio - Class I | UIF Value Portfolio - Class I |
| <S> | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ 56,967 | \$ (181,019) | \$ 11,220 | \$ (46,603) |
| Net realized gain (loss) on investments | (143,292) | 109,158 | 280,784 | 448,435 |
| Capital gain distributions from mutual funds | -- | -- | 83,200 | 356,932 |
| Net change in unrealized appreciation (depreciation) of investments | 642,320 | 1,684,873 | 940,983 | 951,990 |
| Increase (decrease) in net assets resulting from operations | 555,995 | 1,613,012 | 1,316,187 | 1,710,754 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 819 | 15,592 | 7,630 | 1,919 |
| Net transfers from (to) other Divisions or fixed rate option | (33,117) | 432,778 | 193,292 | 296,387 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (528,517) | (1,848,762) | (631,442) | (1,753,442) |
| Increase (decrease) in net assets resulting from principal transactions | (560,815) | (1,400,392) | (430,520) | (1,455,136) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | (4,820) | 212,620 | 885,667 | 255,618 |
| NET ASSETS: | | | | |
| Beginning of year | 3,967,517 | 13,561,919 | 4,024,076 | 11,474,771 |
| End of year | \$3,962,697 | \$13,774,539 | \$4,909,743 | \$11,730,389 |
| For the Year Ended December 31, 2003 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (44,595) | \$ (163,640) | \$ (49,332) | \$ (139,371) |
| Net realized gain (loss) on investments | (315,450) | (230,684) | 69,247 | (221,057) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 1,187,456 | 4,357,743 | 1,068,551 | 3,238,067 |
| Increase (decrease) in net assets resulting from operations | 827,411 | 3,963,419 | 1,088,466 | 2,877,639 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 1,623 | 16,820 | 8,730 | 19,522 |
| Net transfers from (to) other Divisions or fixed rate option | (64,049) | (299,523) | (188,255) | (109,663) |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (446,905) | (1,281,100) | (372,371) | (1,049,015) |
| Increase (decrease) in net assets resulting from principal transactions | (509,331) | (1,563,803) | (551,896) | (1,139,156) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 318,080 | 2,399,616 | 536,570 | 1,738,483 |
| NET ASSETS: | | | | |
| Beginning of year | 3,649,437 | 11,162,303 | 3,487,506 | 9,736,288 |
| End of year | \$3,967,517 | \$13,561,919 | \$4,024,076 | \$11,474,771 |

</TABLE>

See accompanying notes.

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

| | Divisions | | | |
|--|--|--|---|---|
| | VALIC Company I - Blue Chip Growth Fund | VALIC Company I - Health Sciences Fund | VALIC Company I - Income & Growth Fund | VALIC Company I - International Equities Fund |
| <S> | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ 140 | \$ (100) | \$ 423 | \$ 2,068 |
| Net realized gain (loss) on investments | 2 | (3) | 1 | (144,426) |
| Capital gain distributions from mutual funds | -- | 3,173 | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 6,870 | 828 | 3,841 | 287,798 |
| Increase (decrease) in net assets resulting from operations | 7,012 | 3,898 | 4,265 | 145,440 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | -- | -- | -- | 1,320 |
| Net transfers from (to) other Divisions or fixed rate option | 85,214 | 67,495 | 47,496 | 99,461 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | -- | -- | -- | (104,810) |
| Increase (decrease) in net assets resulting from principal transactions | 85,214 | 67,495 | 47,496 | (4,029) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 92,226 | 71,393 | 51,761 | 141,411 |
| NET ASSETS: | | | | |
| Beginning of year | -- | -- | -- | 887,029 |
| End of year | \$92,226 | \$ 71,393 | \$51,761 | \$1,028,440 |
| For the Year Ended December 31, 2003 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ -- | \$ -- | \$ -- | \$ 874 |
| Net realized gain (loss) on investments | -- | -- | -- | (227,466) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | -- | -- | -- | 417,884 |
| Increase (decrease) in net assets resulting from operations | -- | -- | -- | 191,292 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | -- | -- | -- | 15,089 |
| Net transfers from (to) other Divisions or fixed rate option | -- | -- | -- | (28,959) |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | -- | -- | -- | (99,569) |
| Increase (decrease) in net assets resulting from principal transactions | -- | -- | -- | (113,439) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | -- | -- | -- | 77,853 |
| NET ASSETS: | | | | |
| Beginning of year | -- | -- | -- | 809,176 |
| End of year | \$ -- | \$ -- | \$ -- | \$ 887,029 |

</TABLE>

See accompanying notes.

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

| | Divisions | | | |
|--|--|--|--|--|
| | VALIC Company I - Mid Cap Index Fund | VALIC Company I - Money Market I Fund | VALIC Company I - Nasdaq-100 Index Fund | VALIC Company I - Science & Technology Fund |
| <S> | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (29,983) | \$ 3,703 | \$ (6,936) | \$ (6,941) |
| Net realized gain (loss) on investments | 52,953 | -- | 38,833 | (38,161) |
| Capital gain distributions from mutual funds | 111,823 | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 728,445 | -- | 27,151 | 40,937 |
| Increase (decrease) in net assets resulting from operations | 863,238 | 3,703 | 59,048 | (4,165) |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 30,106 | 30,547 | 38,691 | 38,524 |
| Net transfers from (to) other Divisions or fixed rate option | 55,620 | 700,738 | (181,427) | 4,695 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (836,617) | (1,444,296) | (63,279) | (39,937) |
| Increase (decrease) in net assets resulting from principal transactions | (750,891) | (713,011) | (206,015) | 3,282 |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 112,347 | (709,308) | (146,967) | (883) |
| NET ASSETS: | | | | |
| Beginning of year | 6,489,929 | 9,411,557 | 985,902 | 540,958 |
| End of year | \$6,602,276 | \$ 8,702,249 | \$ 838,935 | \$ 540,075 |

For the Year Ended December 31, 2003

| | | | | |
|--|-------------|--------------|------------|------------|
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (36,080) | \$ (87,337) | \$ (9,977) | \$ (6,378) |
| Net realized gain (loss) on investments | (459,459) | -- | (105,643) | (60,166) |
| Capital gain distributions from mutual funds | 49,390 | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 2,051,318 | -- | 388,145 | 254,135 |
| Increase (decrease) in net assets resulting from operations | 1,605,169 | (87,337) | 272,525 | 187,591 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 31,488 | 109,980 | 4,279 | 2,344 |
| Net transfers from (to) other Divisions or fixed rate option | 9,315 | 3,886,291 | 268,845 | 2,476 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (575,942) | (11,822,031) | (107,835) | (42,964) |
| Increase (decrease) in net assets resulting from principal transactions | (535,139) | (7,825,760) | 165,289 | (38,144) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 1,070,030 | (7,913,097) | 437,814 | 149,447 |
| NET ASSETS: | | | | |
| Beginning of year | 5,419,899 | 17,324,654 | 548,088 | 391,511 |
| End of year | \$6,489,929 | \$ 9,411,557 | \$ 985,902 | \$ 540,958 |

</TABLE>

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

| | Divisions | | | | |
|--|---|---|--|-----------------------------|--------------------------------------|
| | VALIC Company I - Small Cap Index Fund | VALIC Company I - Social Awareness Fund | VALIC Company I - Stock Index Fund | Van Kampen Comstock Fund | Van Kampen Corporate Bond Fund |
| <S> | <C> | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | | |
| OPERATIONS: | | | | | |
| Net investment income (loss) | \$ (4,484) | \$ (8) | \$ 23,546 | \$ 33,466 | \$ 12,972 |
| Net realized gain (loss) on investments | 56,854 | (16) | (553,113) | 18,082 | 5 |
| Capital gain distributions from mutual funds | -- | -- | 121,388 | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 83,276 | 254 | 1,168,404 | 911,408 | (335) |
| Increase (decrease) in net assets resulting from operations | 135,646 | 230 | 760,225 | 962,956 | 12,642 |
| PRINCIPAL TRANSACTIONS: | | | | | |
| Net contract purchase payments | 6,696 | -- | 134,670 | -- | -- |
| Net transfers from (to) other Divisions or fixed rate option | 216,134 | (2) | 29,994 | (27,481) | 20 |
| Mortality reserve transfers | -- | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (65,578) | (2) | (1,075,294) | (913,135) | -- |
| Increase (decrease) in net assets resulting from principal transactions | 157,252 | (4) | (910,630) | (940,616) | 20 |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 292,898 | 226 | (150,405) | 22,340 | 12,662 |
| NET ASSETS: | | | | | |
| Beginning of year | 763,468 | 2,584 | 9,072,827 | 6,424,931 | 297,700 |
| End of year | \$1,056,366 | \$ 2,810 | \$ 8,922,422 | \$ 6,447,271 | \$ 310,362 |
| For the Year Ended December 31, 2003 | | | | | |
| OPERATIONS: | | | | | |
| Net investment income (loss) | \$ (3,661) | \$ (29) | \$ 9,002+ | \$ 28,153 | \$ 20,949 |
| Net realized gain (loss) on investments | (9,510) | (26) | (695,343) | (27,226) | (3,939) |
| Capital gain distributions from mutual funds | -- | -- | 29,694+ | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 197,257 | 596 | 2,582,672 | 1,626,921 | 16,131 |
| Increase (decrease) in net assets resulting from operations | 184,086 | 541 | 1,926,025 | 1,627,848 | 33,141 |
| PRINCIPAL TRANSACTIONS: | | | | | |
| Net contract purchase payments | -- | -- | 72,800 | -- | -- |
| Net transfers from (to) other Divisions or fixed rate option | 236,248 | 1 | (212,834) | (893,216) | 3 |
| Mortality reserve transfers | -- | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (18,774) | (2) | (655,029) | (158,111) | (214,911) |
| Increase (decrease) in net assets resulting from principal transactions | 217,474 | (1) | (795,063) | (1,051,327) | (214,908) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 401,560 | 540 | 1,130,962 | 576,521 | (181,767) |
| NET ASSETS: | | | | | |
| Beginning of year | 361,908 | 2,044 | 7,941,865 | 5,848,410 | 479,467 |
| End of year | \$ 763,468 | \$ 2,584 | \$ 9,072,827 | \$ 6,424,931 | \$ 297,700 |

</TABLE>

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

| | Divisions | | | |
|---|----------------------------------|--|--|---|
| | Van Kampen High Yield Fund | Van Kampen LIT Emerging Growth Portfolio - Class I | Van Kampen LIT Enterprise Portfolio - Class I | Van Kampen LIT Government Portfolio - Class I |
| <S> | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ 404,813 | \$ (253,874) | \$ (199,079) | \$ 369,977 |
| Net realized gain (loss) on investments | (590,290) | (1,214,707) | (2,348,871) | 60,046 |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 781,096 | 2,336,820 | 2,973,707 | (151,238) |
| Increase (decrease) in net assets resulting from operations | 595,619 | 868,239 | 425,757 | 278,785 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 1,784 | 12,150 | 14,832 | 2,126 |
| Net transfers from (to) other Divisions or fixed rate option | 1,128 | (848,506) | (513,571) | (529,266) |
| Mortality reserve transfers | (17,471) | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (777,225) | (2,515,109) | (3,102,480) | (1,246,745) |
| Increase (decrease) in net assets resulting from principal transactions | (791,784) | (3,351,465) | (3,601,219) | (1,773,885) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | (196,165) | (2,483,226) | (3,175,462) | (1,495,100) |
| NET ASSETS: | | | | |
| Beginning of year | 6,652,625 | 19,715,980 | 23,081,591 | 11,220,042 |
| End of year | \$6,456,460 | \$17,232,754 | \$19,906,129 | \$ 9,724,942 |
| For the Year Ended December 31, 2003 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ 455,217 | \$ (269,223) | \$ (184,218) | \$ 438,878 |
| Net realized gain (loss) on investments | (205,178) | (1,057,462) | (2,111,415) | 268,152 |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 1,029,805 | 5,585,270 | 6,921,682 | (654,029) |
| Increase (decrease) in net assets resulting from operations | 1,279,844 | 4,258,585 | 4,626,049 | 53,001 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 1,784 | 19,818 | 29,470 | 20,400 |
| Net transfers from (to) other Divisions or fixed rate option | 3 | (1,131,977) | (414,417) | (511,218) |
| Mortality reserve transfers | 7,015 | -- | 34,013 | 7,785 |
| Terminations, withdrawals and annuity benefits | (240,467) | (1,908,523) | (1,998,952) | (2,297,440) |
| Increase (decrease) in net assets resulting from principal transactions | (231,665) | (3,020,682) | (2,349,886) | (2,780,473) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 1,048,179 | 1,237,903 | 2,276,163 | (2,727,472) |
| NET ASSETS: | | | | |
| Beginning of year | 5,604,446 | 18,478,077 | 20,805,428 | 13,947,514 |
| End of year | \$6,652,625 | \$19,715,980 | \$23,081,591 | \$11,220,042 |

</TABLE>

See accompanying notes.

D-27

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

| | Divisions | | | |
|---|---|--|----------------------------|--|
| | Van Kampen LIT Growth and Income Portfolio - Class I | Van Kampen LIT Money Market Portfolio - Class I | Van Kampen Reserve Fund | Vanguard VIF High Yield Bond Portfolio |
| <S> For the Year Ended December 31, 2004 | <C> | <C> | <C> | <C> |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (188,554) | \$ (23,973) | \$ (1,688) | \$ -- |
| Net realized gain (loss) on investments | 1,288,086 | -- | -- | -- |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 4,897,040 | -- | -- | 15 |
| Increase (decrease) in net assets resulting from operations | 5,996,572 | (23,973) | (1,688) | 15 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 17,320 | 49,187 | -- | 196 |
| Net transfers from (to) other Divisions or fixed rate option | 855,093 | 5,146 | (21) | -- |
| Mortality reserve transfers | -- | 36,608 | -- | -- |
| Terminations, withdrawals and annuity benefits | (7,139,410) | (1,372,029) | (947,391) | -- |
| Increase (decrease) in net assets resulting from principal transactions | (6,266,997) | (1,281,088) | (947,412) | 196 |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | (270,425) | (1,305,061) | (949,100) | 211 |
| NET ASSETS: | | | | |
| Beginning of year | 51,965,310 | 5,552,618 | 1,235,596 | -- |
| End of year | \$51,694,885 | \$ 4,247,557 | \$ 286,496 | \$211 |
| For the Year Ended December 31, 2003 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (190,556) | \$ (46,888) | \$ (2,506) | \$ -- |
| Net realized gain (loss) on investments | 336,822 | -- | -- | -- |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 10,871,160 | -- | -- | -- |
| Increase (decrease) in net assets resulting from operations | 11,017,426 | (46,888) | (2,506) | -- |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 61,360 | 23,953 | -- | -- |
| Net transfers from (to) other Divisions or fixed rate option | 440,776 | (663,237) | 918,186 | -- |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (5,073,230) | (1,897,090) | (165,076) | -- |
| Increase (decrease) in net assets resulting from principal transactions | (4,571,094) | (2,536,374) | 753,110 | -- |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 6,446,332 | (2,583,262) | 750,604 | -- |
| NET ASSETS: | | | | |
| Beginning of year | 45,518,978 | 8,135,880 | 484,992 | -- |
| End of year | \$51,965,310 | \$ 5,552,618 | \$1,235,596 | \$ -- |

</TABLE>

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

| Divisions | |
|-----------|-------|
| WM VT | WM VT |

| | Vanguard VIF REIT Index Portfolio | WM VT Balanced Portfolio | Conservative Balanced Portfolio | Conservative Growth Portfolio |
|--|---|--------------------------------|---------------------------------------|-------------------------------------|
| <S> | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ -- | \$ 1,219,396 | \$ 83,220 | \$ (41,941) |
| Net realized gain (loss) on investments | -- | 146,194 | 209,296 | (2,980,291) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 48 | 20,509,231 | 611,480 | 21,717,883 |
| Increase (decrease) in net assets resulting from operations | 48 | 21,874,821 | 903,996 | 18,695,651 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 196 | 2,562,346 | 450,780 | 781,302 |
| Net transfers from (to) other Divisions or fixed rate option | 2 | 4,818,865 | 1,640,764 | (641,970) |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | -- | (32,220,844) | (1,292,358) | (25,427,145) |
| Increase (decrease) in net assets resulting from principal transactions | 198 | (24,839,633) | 799,186 | (25,287,813) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 246 | (2,964,812) | 1,703,182 | (6,592,162) |
| NET ASSETS: | | | | |
| Beginning of year | -- | 271,888,282 | 12,768,805 | 201,945,989 |
| End of year | \$246 | \$268,923,470 | \$14,471,987 | \$195,353,827 |

For the Year Ended December 31, 2003

| | | | | |
|--|-------|---------------|--------------|---------------|
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ -- | \$ 2,638,085 | \$ 78,302 | \$ 1,433,141 |
| Net realized gain (loss) on investments | -- | (5,322,554) | 22,256 | (14,262,361) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | -- | 51,180,952 | 1,589,050 | 57,076,953 |
| Increase (decrease) in net assets resulting from operations | -- | 48,496,483 | 1,689,608 | 44,247,733 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | -- | 738,053 | 29,206 | 422,142 |
| Net transfers from (to) other Divisions or fixed rate option | -- | 4,062,362 | (2,364) | (7,909,520) |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | -- | (38,607,816) | (1,233,335) | (26,608,412) |
| Increase (decrease) in net assets resulting from principal transactions | -- | (33,807,401) | (1,206,493) | (34,095,790) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | -- | 14,689,082 | 483,115 | 10,151,943 |
| NET ASSETS: | | | | |
| Beginning of year | -- | 257,199,200 | 12,285,690 | 191,794,046 |
| End of year | \$ -- | \$271,888,282 | \$12,768,805 | \$201,945,989 |

</TABLE>

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

Divisions

WM VT

| | WM VT Equity Income Fund | Flexible Income Portfolio | WM VT Growth & Income Fund | WM VT Growth Fund | WM VT Income Fund |
|--|-----------------------------|---------------------------------|----------------------------------|----------------------|----------------------|
| | ----- | ----- | ----- | ----- | ----- |
| <S> | <C> | <C> | <C> | <C> | <C> |
| For the Year Ended December 31, 2004 | | | | | |
| OPERATIONS: | | | | | |
| Net investment income (loss) | \$ 78,667 | \$ 1,092,703 | \$ (161,424) | \$ (671,146) | \$ 1,104,774 |
| Net realized gain (loss) on investments | 900,381 | 1,288,033 | (304,992) | (13,313,519) | 700,919 |
| Capital gain distributions from mutual funds | -- | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 2,535,540 | 306,970 | 3,826,735 | 16,937,857 | (870,343) |
| Increase (decrease) in net assets resulting from operations | 3,514,588 | 2,687,706 | 3,360,319 | 2,953,192 | 935,350 |
| PRINCIPAL TRANSACTIONS: | | | | | |
| Net contract purchase payments | 82,755 | 594,650 | 40,880 | 64,467 | 88,456 |
| Net transfers from (to) other Divisions or fixed rate option | 1,836,092 | (1,749,092) | (954,873) | (2,780,476) | (1,927,763) |
| Mortality reserve transfers | -- | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (2,588,570) | (6,484,153) | (7,217,531) | (5,739,729) | (3,288,428) |
| Increase (decrease) in net assets resulting from principal transactions | (669,723) | (7,638,595) | (8,131,524) | (8,455,738) | (5,127,735) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 2,844,865 | (4,950,889) | (4,771,205) | (5,502,546) | (4,192,385) |
| NET ASSETS: | | | | | |
| Beginning of year | 20,951,244 | 59,237,248 | 50,456,841 | 51,966,258 | 26,546,180 |
| End of year | \$23,796,109 | \$ 54,286,359 | \$ 45,685,636 | \$ 46,463,712 | \$22,353,795 |

For the Year Ended December 31, 2003

| | | | | | |
|--|--------------|---------------|---------------|---------------|--------------|
| OPERATIONS: | | | | | |
| Net investment income (loss) | \$ 213,462+ | \$ 758,684 | \$ (58,420) | \$ (680,860) | \$ 1,266,502 |
| Net realized gain (loss) on investments | 419,877 | 1,589,897 | (2,424,317) | (24,222,121) | 959,240 |
| Capital gain distributions from mutual funds | 87,433+ | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 4,029,700 | 4,524,640 | 13,109,794 | 36,676,210 | (24,624) |
| Increase (decrease) in net assets resulting from operations | 4,750,472 | 6,873,221 | 10,627,057 | 11,773,229 | 2,201,118 |
| PRINCIPAL TRANSACTIONS: | | | | | |
| Net contract purchase payments | 49,081 | 456,623 | 45,608 | 109,349 | 127,637 |
| Net transfers from (to) other Divisions or fixed rate option | 470,545 | (4,199,967) | (3,414,319) | (2,966,394) | 806,312 |
| Mortality reserve transfers | -- | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (2,179,320) | (9,947,418) | (7,760,558) | (7,713,457) | (5,477,421) |
| Increase (decrease) in net assets resulting from principal transactions | (1,659,694) | (13,690,762) | (11,129,269) | (10,570,502) | (4,543,472) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 3,090,778 | (6,817,541) | (502,212) | 1,202,727 | (2,342,354) |
| NET ASSETS: | | | | | |
| Beginning of year | 17,860,466 | 66,054,789 | 50,959,053 | 50,763,531 | 28,888,534 |
| End of year | \$20,951,244 | \$ 59,237,248 | \$ 50,456,841 | \$ 51,966,258 | \$26,546,180 |

</TABLE>

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

| | Divisions | | | |
|--|---------------|-----------|--------------|-------------|
| | WM VT | WM VT Mid | WM VT | WM VT Short |
| | International | Cap Stock | Money Market | Term Income |

| | Growth Fund | Fund | Fund | Fund |
|---|--------------|--------------|---------------|---------------|
| | <C> | <C> | <C> | <C> |
| <S> | | | | |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (14,972) | \$ (70,454) | \$ (73,451) | \$ 242,654 |
| Net realized gain (loss) on investments | (153,668) | 289,286 | -- | 124,655 |
| Capital gain distributions from mutual funds | -- | 106,704 | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 1,087,460 | 496,467 | -- | (303,053) |
| Increase (decrease) in net assets resulting from operations | 918,820 | 822,003 | (73,451) | 64,256 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 15,926 | 56,190 | 49,962 | 77,126 |
| Net transfers from (to) other Divisions or fixed rate option | (87,268) | 419,857 | (1,546,439) | (659,411) |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (965,666) | (748,152) | (3,667,686) | (1,284,410) |
| Increase (decrease) in net assets resulting from principal transactions | (1,037,008) | (272,105) | (5,164,163) | (1,866,695) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | (118,188) | 549,898 | (5,237,614) | (1,802,439) |
| NET ASSETS: | | | | |
| Beginning of year | 8,630,408 | 6,497,896 | 15,776,611 | 10,742,304 |
| End of year | \$ 8,512,220 | \$ 7,047,794 | \$ 10,538,997 | \$ 8,939,865 |
| </TABLE> | | | | |
| For the Year Ended December 31, 2003 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (3,916) | \$ (62,412) | \$ (161,154) | \$ 583,953 |
| Net realized gain (loss) on investments | (1,170,341) | 77,393 | -- | 276,736 |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 3,430,627 | 1,335,525 | -- | (368,637) |
| Increase (decrease) in net assets resulting from operations | 2,256,370 | 1,350,506 | (161,154) | 492,052 |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 8,593 | 15,950 | 18,815 | 6,107 |
| Net transfers from (to) other Divisions or fixed rate option | (183,426) | (250,364) | (1,958,180) | 452,768 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (1,640,933) | (670,158) | (11,715,460) | (3,293,384) |
| Increase (decrease) in net assets resulting from principal transactions | (1,815,766) | (904,572) | (13,654,825) | (2,834,509) |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 440,604 | 445,934 | (13,815,979) | (2,342,457) |
| NET ASSETS: | | | | |
| Beginning of year | 8,189,804 | 6,051,962 | 29,592,590 | 13,084,761 |
| End of year | \$ 8,630,408 | \$ 6,497,896 | \$ 15,776,611 | \$ 10,742,304 |

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

| | Divisions | | | |
|--------------------------------------|-----------------------------------|---|---|------------------------------------|
| | WM VT Small Cap Growth Fund | WM VT Strategic Growth Portfolio | WM VT U.S Government Securities Fund | WM VT West Coast Equity Fund |
| | <C> | <C> | <C> | <C> |
| <S> | | | | |
| For the Year Ended December 31, 2004 | | | | |
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (180,513) | \$ (465,505) | \$ 704,080 | \$ (259,645) |

| | | | | |
|---|--------------|--------------|---------------|--------------|
| Net realized gain (loss) on investments | (1,684,878) | (1,656,408) | 254,204 | 357,439 |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 2,200,386 | 8,761,484 | (339,456) | 2,364,853 |
| | ----- | ----- | ----- | ----- |
| Increase (decrease) in net assets resulting from operations | 334,995 | 6,639,571 | 618,828 | 2,462,647 |
| | ----- | ----- | ----- | ----- |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 32,481 | 218,659 | 224,684 | 49,032 |
| Net transfers from (to) other Divisions or fixed rate option | (527,247) | (625,806) | (6,849,670) | 1,240,235 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (1,620,696) | (7,355,598) | (5,115,054) | (2,387,726) |
| | ----- | ----- | ----- | ----- |
| Increase (decrease) in net assets resulting from principal transactions | (2,115,462) | (7,762,745) | (11,740,040) | (1,098,459) |
| | ----- | ----- | ----- | ----- |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | (1,780,467) | (1,123,174) | (11,121,212) | 1,364,188 |
| NET ASSETS: | | | | |
| Beginning of year | 14,278,644 | 64,653,289 | 35,016,533 | 23,222,626 |
| | ----- | ----- | ----- | ----- |
| End of year | \$12,498,177 | \$63,530,115 | \$ 23,895,321 | \$24,586,814 |
| | ===== | ===== | ===== | ===== |

For the Year Ended December 31, 2003

| | | | | |
|---|--------------|--------------|---------------|--------------|
| OPERATIONS: | | | | |
| Net investment income (loss) | \$ (157,595) | \$ 46,168 | \$ 1,601,597 | \$ (201,018) |
| Net realized gain (loss) on investments | (4,331,967) | (6,630,800) | 1,222,137 | (758,839) |
| Capital gain distributions from mutual funds | -- | -- | -- | -- |
| Net change in unrealized appreciation (depreciation) of investments | 10,489,147 | 22,419,897 | (2,588,594) | 7,705,072 |
| | ----- | ----- | ----- | ----- |
| Increase (decrease) in net assets resulting from operations | 5,999,585 | 15,835,265 | 235,140 | 6,745,215 |
| | ----- | ----- | ----- | ----- |
| PRINCIPAL TRANSACTIONS: | | | | |
| Net contract purchase payments | 31,325 | 115,151 | 542,563 | 42,029 |
| Net transfers from (to) other Divisions or fixed rate option | (128,338) | (2,877,399) | (9,025,342) | 306,573 |
| Mortality reserve transfers | -- | -- | -- | -- |
| Terminations, withdrawals and annuity benefits | (1,871,361) | (7,145,150) | (7,545,220) | (1,856,477) |
| | ----- | ----- | ----- | ----- |
| Increase (decrease) in net assets resulting from principal transactions | (1,968,374) | (9,907,398) | (16,027,999) | (1,507,875) |
| | ----- | ----- | ----- | ----- |
| TOTAL INCREASE (DECREASE) IN NET ASSETS | 4,031,211 | 5,927,867 | (15,792,859) | 5,237,340 |
| NET ASSETS: | | | | |
| Beginning of year | 10,247,433 | 58,725,422 | 50,809,392 | 17,985,286 |
| | ----- | ----- | ----- | ----- |
| End of year | \$14,278,644 | \$64,653,289 | \$ 35,016,533 | \$23,222,626 |
| | ===== | ===== | ===== | ===== |

</TABLE>

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

See accompanying notes.

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AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D
NOTES TO FINANCIAL STATEMENTS

Note A - Organization

Separate Account D (the "Separate Account") was established by American General Life Insurance Company (the "Company") on November 19, 1973 to fund variable annuity contracts issued by the Company. The following products are included in the Separate Account: GENERATIONS(TM), Platinum Investor(R), Platinum Investor(R) Immediate Variable Annuity ("Platinum Investor Immediate VA"), Select Reserve, VARIETY Plus(R), WM Advantage, WM Strategic Asset Manager and Other Contracts. The products listed are not open to new contracts, with the exception of Platinum Investor Immediate VA. The Company is an indirect, wholly-owned subsidiary of American International Group, Inc. The Separate Account is registered with the Securities and Exchange Commission as a unit investment trust pursuant to the provisions of the Investment Company Act of 1940, as amended.

The Separate Account is divided into "Divisions", which invest in independently managed mutual fund portfolios ("Funds"). The Funds available to contract owners

through the various Divisions are as follows:

AIM Variable Insurance Funds:

AIM V.I. International Growth Fund - Series I
AIM V.I. Premier Equity Fund - Series I

The Alger American Fund:

Alger American Leveraged AllCap Portfolio - Class O Shares (1)
Alger American MidCap Growth Portfolio - Class O Shares (1)

American Century Variable Portfolios, Inc. ("American Century"):

American Century VP Inflation Protection Fund - Class II (1)
American Century VP Value Fund - Class I

Ayco Series Trust:

Ayco Growth Fund (2)

Credit Suisse Trust ("Credit Suisse"):

Credit Suisse Small Cap Growth Portfolio

Dreyfus Investment Portfolios ("Dreyfus IP"):

Dreyfus IP MidCap Stock Portfolio - Initial shares

The Dreyfus Socially Responsible Growth Fund, Inc. - Initial shares:

Dreyfus Variable Investment Fund ("Dreyfus VIF"):

Dreyfus VIF Developing Leaders Portfolio - Initial shares
Dreyfus VIF Quality Bond Portfolio - Initial shares

Evergreen Variable Annuity Trust:

Evergreen Offit VA Emerging Markets Bond Fund - Class 1 (3)
Evergreen Offit VA U.S. Government Securities Fund - Class 1 (3)
Evergreen VA High Income Fund - Class 1
Evergreen VA Strategic Income Fund - Class 1

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

Fidelity(R) VIP Asset Manager(SM) Portfolio - Initial Class
Fidelity(R) VIP Asset Manager(SM) Portfolio - Service Class 2
Fidelity(R) VIP Contrafund(R)Portfolio - Service Class 2
Fidelity(R) VIP Equity-Income Portfolio - Service Class 2
Fidelity(R) VIP Growth Portfolio - Service Class 2
Fidelity(R) VIP Index 500 Portfolio - Initial Class
Fidelity(R) VIP Mid Cap Portfolio - Service Class 2 (1)
Fidelity(R) VIP Overseas Portfolio - Initial Class

Franklin Templeton Variable Insurance Products Trust ("Franklin Templeton"):

Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2 (1)
Franklin Templeton - Franklin U.S. Government Fund - Class 2 (1)
Franklin Templeton - Mutual Shares Securities Fund - Class 2 (1)
Franklin Templeton - Templeton Foreign Securities Fund - Class 2
Franklin Templeton - Templeton Global Asset Allocation Fund - Class 2

Goldman Sachs Variable Insurance Trust:

Goldman Sachs Capital Growth Fund

Janus Aspen Series:

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

J.P. Morgan Series Trust II:

JPMorgan Mid Cap Value Portfolio (1)
JPMorgan Small Company Portfolio

LEVCO Series Trust:

LEVCO Equity Value Fund

MFS(R)Variable Insurance Trust(SM) ("MFS VIT"):

MFS(R)VIT Capital Opportunities Series-Initial Class
MFS(R)VIT Emerging Growth Series-Initial Class
MFS(R) VIT New Discovery Series-Initial Class
MFS(R)VIT Research Series-Initial Class

Navellier Variable Insurance Series Fund, Inc.:

Navellier Growth Portfolio (4)

Neuberger Berman Advisers Management Trust ("Neuberger Berman AMT"):

Neuberger Berman AMT Balanced Portfolio - Class I
Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I
Neuberger Berman AMT Partners Portfolio - Class I

Oppenheimer Variable Account Funds:

Oppenheimer Balanced Fund/VA - Non-Service Shares (1) (5)
Oppenheimer Global Securities Fund/VA - Non-Service Shares (1)

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

Note A - Organization - Continued

PIMCO Variable Insurance Trust ("PIMCO VIT"):

PIMCO VIT Real Return Portfolio - Administrative Class
 PIMCO VIT Short-Term Portfolio - Administrative Class
 PIMCO VIT Total Return Portfolio - Administrative Class

Pioneer Variable Contracts Trust:

Pioneer Fund VCT Portfolio - Class I (6)
 Pioneer Growth Opportunities VCT Portfolio - Class I (6)

Putnam Variable Trust ("Putnam VT"):

Putnam VT Diversified Income Fund - Class IB (1)
 Putnam VT Growth and Income Fund - Class IB
 Putnam VT International Growth and Income Fund - Class IB

Royce Capital Fund:

Royce Small-Cap Portfolio

Safeco Resource Series Trust ("Safeco RST"):

Safeco RST Core Equity Portfolio (6)
 Safeco RST Growth Opportunities Portfolio (6)

SunAmerica Series Trust ("SunAmerica"):

SunAmerica - Aggressive Growth Portfolio - Class 1 (1)
 SunAmerica - SunAmerica Balanced Portfolio - Class 1 (1)

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

UIF Core Plus Fixed Income Portfolio - Class I
 UIF Emerging Markets Equity Portfolio - Class I
 UIF Equity Growth Portfolio - Class I
 UIF Global Value Equity Portfolio - Class I
 UIF High Yield Portfolio - Class I
 UIF International Magnum Portfolio - Class I
 UIF U.S. Mid Cap Value Portfolio - Class I
 UIF U.S. Real Estate Portfolio - Class I
 UIF Value Portfolio - Class I

VALIC Company I:

VALIC Company I - Blue Chip Growth Fund (7)
 VALIC Company I - Health Sciences Fund (7)
 VALIC Company I - Income & Growth Fund (7)
 VALIC Company I - International Equities Fund
 VALIC Company I - Mid Cap Index Fund
 VALIC Company I - Money Market I Fund
 VALIC Company I - Nasdaq-100(R) Index Fund
 VALIC Company I - Science & Technology Fund
 VALIC Company I - Small Cap Index Fund
 VALIC Company I - Social Awareness Fund
 VALIC Company I - Stock Index Fund

Van Kampen Public Mutual Fund ("Van Kampen"):

Van Kampen Comstock Fund
 Van Kampen Corporate Bond Fund
 Van Kampen High Yield Fund (8)
 Van Kampen Reserve Fund

Van Kampen Life Investment Trust ("Van Kampen LIT"):

Van Kampen LIT Emerging Growth Portfolio - Class I
 Van Kampen LIT Enterprise Portfolio - Class I
 Van Kampen LIT Government Portfolio - Class I
 Van Kampen LIT Growth and Income Portfolio - Class I
 Van Kampen LIT Money Market Portfolio - Class I

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

Vanguard(R)VIF High Yield Bond Portfolio (1)
 Vanguard(R)VIF REIT Index Portfolio (1)

WM Variable Trust ("WM VT"):

WM VT Balanced Portfolio
 WM VT Conservative Balanced Portfolio
 WM VT Conservative Growth Portfolio
 WM VT Equity Income Fund
 WM VT Flexible Income Portfolio
 WM VT Growth & Income Fund
 WM VT Growth Fund
 WM VT Income Fund

WM VT International Growth Fund
WM VT Mid Cap Stock Fund
WM VT Money Market Fund
WM VT Short Term Income Fund
WM VT Small Cap Growth Fund (9)
WM VT Strategic Growth Portfolio
WM VT U.S. Government Securities Fund
WM VT West Coast Equity Fund

- (1) Divisions became available on June 18, 2004.
- (2) Effective December 19, 2003, Ayco Growth Fund (which was not available for new investments as of May 1, 2003) was reorganized into Goldman Sachs Capital Growth Fund. Goldman Sachs Capital Growth Fund is not available for new investments.
- (3) Effective July 11, 2003, the Evergreen Offit VA Emerging Markets Bond Fund - Class 1 and Evergreen Offit VA U.S. Government Securities Fund - Class 1 were closed and liquidated. All funds were transferred into VALIC Company I - Money Market I Fund.
- (4) Effective May 26, 2004, Navellier Growth Portfolio was closed and liquidated. All funds were transferred into VALIC Company I - Money Market I Fund.
- (5) Effective May 1, 2004, Oppenheimer Multiple Strategies Fund/VA changed its name to Oppenheimer Balanced Fund/VA.

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

Note A - Organization - Continued

- (6) Effective December 10, 2004, Safeco RST Core Equity Portfolio and Safeco RST Growth Opportunities Portfolio were reorganized into Pioneer Fund VCT Portfolio - Class I and Pioneer Growth Opportunities VCT Portfolio - Class I, respectively. Contract owners invested in either of the Pioneer portfolios on December 10, 2004 are the only ones who may continue to use these portfolios.
- (7) Divisions became available on February 2, 2004.
- (8) Effective December 17, 2004, Van Kampen High Income Corporate Bond Fund changed its name to Van Kampen High Yield Fund.
- (9) Effective March 1, 2004, WM VT Small Cap Stock Fund changed its name to WM VT Small Cap Growth Fund.

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

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

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

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

Net purchases from the contracts are allocated to the Divisions and invested in the Funds in accordance with contract owner instructions. Net purchases 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 Separate Account have been prepared on the basis of accounting principles generally accepted in the United States of America ("GAAP"). The accounting principles followed by the Separate Account and the methods of applying those principles are presented below.

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

Security valuation - The investments in shares of the Funds are stated at the net asset value of the respective portfolio as determined by the 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.

Annuity reserves - For contract owners who select a variable payout option, reserves are initially established based on estimated mortality (where applicable) and other assumptions, including provisions for the risk of adverse deviation from assumptions. The assumed interest rate used to determine annuity payments is 3.5% for all contracts except "deferred load" contracts and contracts issued prior to January 1, 1982, which have an assumed interest rate of 3.0%.

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

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

At each reporting period, the assumptions must be evaluated based on current experience, and the reserves must be adjusted accordingly. To the extent additional reserves are established due to mortality risk experience, the Company makes payments to the Separate Account. If there are excess reserves remaining at the time annuity payments cease, the assets supporting those reserves are transferred from the Separate Account to the Company. Payments between the Company and the Separate Account are disclosed in the Statement of Changes in Net Assets as mortality reserve transfers.

Annuity reserves are calculated according to the Progressive Annuity Table, 1983(a) Individual Mortality Table, or the Annuity 2000 Mortality Table, depending on the calendar year of annuitization.

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

Accumulation unit - This is a measuring unit used to calculate the contract 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 - Contract Charges

The Company will deduct premium taxes imposed by certain states from purchase payments when received; from the owner's account value at the time annuity payments begin; from the amount of any partial withdrawal; or from proceeds payable upon termination of the certificate for any other reason, including death of the owner or annuitant, or surrender of the certificate. The applicable rates currently range from 0% to 3.5%. The rates are subject to change.

Deductions for administrative expenses and mortality and expense risks assumed by the Company are assessed through the daily unit value calculation. An annual maintenance charge may be imposed on the last day of each contract year during the accumulation period for administrative expenses with respect to each contract. The annual maintenance charge is paid by redemption of units outstanding. A summary of these charges by contract follows:

<TABLE>
<CAPTION>

| Contracts | Mortality and Expense Risk and Administrative Expenses, Annual Rates | Annual Maintenance Charge |
|--------------------------------|---|---------------------------------|
| <S> | <C> | <C> |
| GENERATIONS (TM) | 1.40% | \$30 |
| Platinum Investor (R) | 1.35% | N/A |
| Platinum Investor Immediate VA | 0.55% | N/A |
| Select Reserve | 0.40% | N/A |
| Variety Plus (R) | 1.55% | \$36 |
| WM Advantage | 1.40% | N/A |
| WM Strategic Asset Manager | 1.40% | \$35 |

| | | |
|---|-------|------|
| Other Separate Account D Contracts (deferred load) | 1.25% | \$30 |
| Other Separate Account D Contracts (issued prior to Jan. 1, 1982) | 0.75% | N/A |

</TABLE>

The Platinum Investor Immediate VA allows the Company to charge a one time contract fee of \$100 to cover administrative cost of issuing the contract. The Company may deduct a sales charge from each purchase payment to cover sales expenses, including commissions under the Platinum Investor Immediate VA and Other Separate Account D Contracts (issued prior to Jan. 1, 1982). These charges are deducted from the purchase payments.

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

Note C - Contract Charges - Continued

The Company reserves the right to charge a \$25 transfer fee for each transfer in excess of 12 during the contract year. The transfer fee is paid by redemption of units outstanding. Transfer requests are subject to the Company's published rules concerning market timing. A contract 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 surrender charges reimburses the Company for part of our expenses in distribution of the Contracts. The surrender charge is paid by redemption of units outstanding.

For WM Advantage and WM Strategic Asset Manager contracts, for investment advisory services, monthly fees are paid to WM Advisors, Inc. (and sub-advisors as the Growth and International Growth Funds employ sub-advisors) and WM Shareholder Services, Inc. by each portfolio and underlying fund, respectively, based upon a percentage of the average net assets of such portfolio or underlying fund. While the management fee is a significant component of each fund's annual operating costs, each fund pays other expenses, such as legal and audit fees. For its services as administrator, WM Shareholder Services, Inc. is also paid a monthly fee by each portfolio and underlying fund, respectively, based upon a percentage of the average net assets of such portfolio or underlying fund. WM Advisors, Inc. and WM Shareholder Services, Inc. may, from time to time, agree to reimburse the funds for management fees and other expenses above a certain limit.

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

Note D - Security Purchases and Sales

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

<TABLE>
<CAPTION>

| Divisions | Cost of Purchases | Proceeds from Sales |
|--|-------------------|---------------------|
| <S> | <C> | <C> |
| AIM V.I. International Growth Fund - Series I | \$ 24,319 | \$ 458,796 |
| AIM V.I. Premier Equity Fund - Series I | 99,544 | 1,389,102 |
| Alger American Leveraged AllCap Portfolio - Class O Shares | 199 | -- |
| Alger American MidCap Growth Portfolio - Class O Shares | 198 | -- |
| American Century VP Inflation Protection Fund - Class II | 200 | -- |
| American Century VP Value Fund - Class I | 322,281 | 551,000 |
| Credit Suisse Small Cap Growth Portfolio | 152,377 | 156,237 |
| Dreyfus IP MidCap Stock Portfolio - Initial shares | 175,651 | 227,074 |
| Dreyfus Socially Responsible Growth Fund - Initial shares | 22,719 | 578,492 |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares | 38,287 | 877,820 |
| Dreyfus VIF Quality Bond Portfolio - Initial shares | 438,378 | 1,230,778 |
| Evergreen VA High Income Fund - Class 1 | 331,718 | 24,316 |
| Evergreen VA Strategic Income Fund - Class 1 | 35,928 | 2,998 |
| Fidelity VIP Asset Manager Portfolio - Initial Class | 20,491 | 18,194 |
| Fidelity VIP Asset Manager Portfolio - Service Class 2 | 299,130 | 248,419 |
| Fidelity VIP Contrafund Portfolio - Service Class 2 | 873,048 | 778,972 |

| | | |
|---|---------|-----------|
| Fidelity VIP Equity-Income Portfolio - Service Class 2 | 594,588 | 927,217 |
| Fidelity VIP Growth Portfolio - Service Class 2 | 226,808 | 613,333 |
| Fidelity VIP Index 500 Portfolio - Initial Class | 1,016 | 3,232 |
| Fidelity VIP Mid Cap Portfolio - Service Class 2 | 198 | -- |
| Fidelity VIP Overseas Portfolio - Initial Class | 11,655 | 10,842 |
| Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2 | 197 | -- |
| Franklin Templeton - Franklin U.S. Government Fund - Class 2 | 197 | -- |
| Franklin Templeton - Mutual Shares Securities Fund - Class 2 | 196 | -- |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2 | 76,611 | 142,929 |
| Franklin Templeton - Templeton Global Asset Allocation Fund - Class 2 | 191,452 | 256,232 |
| Goldman Sachs Capital Growth Fund | 1,229 | 17,504 |
| Janus Aspen Series International Growth Portfolio - Service Shares | 40,860 | 23,471 |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares | 82,199 | 137,756 |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares | 16,203 | 102,005 |
| JPMorgan Mid Cap Value Portfolio | 196 | -- |
| JPMorgan Small Company Portfolio | 104,692 | 40,301 |
| LEVCO Equity Value Fund | 35,285 | 11,228 |
| MFS VIT Capital Opportunities Series - Initial Class | 76,343 | 286,202 |
| MFS VIT Emerging Growth Series - Initial Class | 53,700 | 1,000,132 |
| MFS VIT New Discovery Series - Initial Class | 84,104 | 152,176 |
| MFS VIT Research Series - Initial Class | 97,202 | 195,652 |
| Navellier Growth Portfolio | -- | 2,398,199 |
| Neuberger Berman AMT Balanced Portfolio - Class I | 11,456 | 10,919 |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I | 75,575 | 107,523 |
| Neuberger Berman AMT Partners Portfolio - Class I | 8,505 | 7,847 |
| Oppenheimer Balanced Fund/VA - Non-Service Shares | 197 | -- |
| Oppenheimer Global Securities Fund/VA - Non-Service Shares | 196 | -- |
| PIMCO VIT Real Return Portfolio - Administrative Class | 377,148 | 774,339 |

</TABLE>

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

Note D - Security Purchases and Sales - Continued

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

<TABLE>
<CAPTION>

| Divisions | Cost of Purchases | Proceeds from Sales |
|---|-------------------|---------------------|
| <S> | <C> | <C> |
| PIMCO VIT Short-Term Portfolio - Administrative Class | \$ 135,883 | \$ 224,332 |
| PIMCO VIT Total Return Portfolio - Administrative Class | 359,897 | 898,140 |
| Pioneer Fund VCT Portfolio - Class I | 2,124,912 | 43,461 |
| Pioneer Growth Opportunities VCT Portfolio - Class I | 3,303,424 | 162,183 |
| Putnam VT Diversified Income Fund - Class IB | 196 | -- |
| Putnam VT Growth and Income Fund - Class IB | 209,092 | 314,719 |
| Putnam VT International Growth and Income Fund - Class IB | 132,141 | 70,178 |
| Royce Small-Cap Portfolio | 225,759 | 1,515 |
| Safeco RST Core Equity Portfolio | 35,243 | 2,463,005 |
| Safeco RST Growth Opportunities Portfolio | 98,662 | 3,935,559 |
| SunAmerica - Aggressive Growth Portfolio - Class 1 | 198 | -- |
| SunAmerica - SunAmerica Balanced Portfolio - Class 1 | 200 | -- |
| UIF Core Plus Fixed Income Portfolio - Class I | 456,785 | 850,613 |
| UIF Emerging Markets Equity Portfolio - Class I | 215,996 | 313,988 |
| UIF Equity Growth Portfolio - Class I | 331,722 | 1,853,274 |
| UIF Global Value Equity Portfolio - Class I | 277,542 | 1,203,464 |
| UIF High Yield Portfolio - Class I | 613,844 | 1,660,297 |
| UIF International Magnum Portfolio - Class I | 233,448 | 737,089 |
| UIF U.S. Mid Cap Value Portfolio - Class I | 480,698 | 2,061,588 |
| UIF U.S. Real Estate Portfolio - Class I | 470,279 | 806,147 |
| UIF Value Portfolio - Class I | 979,954 | 2,124,320 |
| VALIC Company I - Blue Chip Growth Fund | 85,487 | 133 |
| VALIC Company I - Health Sciences Fund | 70,648 | 79 |
| VALIC Company I - Income & Growth Fund | 48,014 | 95 |
| VALIC Company I - International Equities Fund | 181,838 | 183,770 |
| VALIC Company I - Mid Cap Index Fund | 573,961 | 1,242,846 |
| VALIC Company I - Money Market I Fund | 2,779,770 | 3,488,906 |
| VALIC Company I - Nasdaq-100 Index Fund | 255,476 | 468,412 |
| VALIC Company I - Science & Technology Fund | 50,330 | 53,980 |
| VALIC Company I - Small Cap Index Fund | 390,232 | 237,435 |
| VALIC Company I - Social Awareness Fund | 32 | 69 |
| VALIC Company I - Stock Index Fund | 596,431 | 1,361,869 |
| Van Kampen Comstock Fund | 79,158 | 986,243 |
| Van Kampen Corporate Bond Fund | 15,227 | 2,189 |
| Van Kampen High Yield Fund | 454,129 | 840,903 |
| Van Kampen LIT Emerging Growth Portfolio - Class I | 581,693 | 4,186,284 |

| | | |
|--|------------|------------|
| Van Kampen LIT Enterprise Portfolio - Class I | 205,589 | 4,004,944 |
| Van Kampen LIT Government Portfolio - Class I | 662,549 | 2,066,107 |
| Van Kampen LIT Growth and Income Portfolio - Class I | 1,187,538 | 7,641,106 |
| Van Kampen LIT Money Market Portfolio - Class I | 1,160,982 | 2,465,924 |
| Van Kampen Reserve Fund | 1,449 | 950,461 |
| Vanguard VIF High Yield Bond Portfolio | 196 | -- |
| Vanguard VIF REIT Index Portfolio | 198 | -- |
| WM VT Balanced Portfolio | 10,640,436 | 34,250,242 |

</TABLE>

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

Note D - Security Purchases and Sales - Continued

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

| Divisions | Cost of Purchases | Proceeds from Sales |
|---------------------------------------|-------------------|---------------------|
| WM VT Conservative Balanced Portfolio | \$ 2,651,419 | \$ 1,768,555 |
| WM VT Conservative Growth Portfolio | 4,923,212 | 30,245,155 |
| WM VT Equity Income Fund | 2,600,954 | 3,191,225 |
| WM VT Flexible Income Portfolio | 3,055,012 | 9,598,646 |
| WM VT Growth & Income Fund | 1,096,782 | 9,387,788 |
| WM VT Growth Fund | 478,157 | 9,603,047 |
| WM VT Income Fund | 2,167,407 | 6,189,457 |
| WM VT International Growth Fund | 394,069 | 1,445,772 |
| WM VT Mid Cap Stock Fund | 1,177,301 | 1,412,951 |
| WM VT Money Market Fund | 4,481,973 | 9,719,346 |
| WM VT Short Term Income Fund | 793,684 | 2,417,350 |
| WM VT Small Cap Growth Fund | 1,263,853 | 3,559,230 |
| WM VT Strategic Growth Portfolio | 1,200,424 | 9,426,196 |
| WM VT U.S. Government Securities Fund | 1,330,577 | 12,365,344 |
| WM VT West Coast Equity Fund | 2,282,286 | 3,639,585 |

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

Note E - Investments

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

<TABLE>
<CAPTION>

| Divisions | Shares | Net Asset Value | Value of Shares at Fair Value | Cost of Shares Held |
|---|---------|-----------------|-------------------------------|---------------------|
| <S> | <C> | <C> | <C> | <C> |
| AIM V.I. International Growth Fund - Series I | 131,536 | \$ 19.77 | \$ 2,600,465 | \$ 2,502,001 |
| AIM V.I. Premier Equity Fund - Series I | 371,235 | 21.30 | 7,907,310 | 10,256,380 |
| Alger American Leveraged AllCap Portfolio - Class O Shares | 7 | 30.39 | 203 | 199 |
| Alger American MidCap Growth Portfolio - Class O Shares | 10 | 20.80 | 211 | 198 |
| American Century VP Inflation Protection Fund - Class II | 20 | 10.55 | 207 | 200 |
| American Century VP Value Fund - Class I | 311,989 | 8.75 | 2,729,905 | 2,186,072 |
| Credit Suisse Small Cap Growth Portfolio | 49,633 | 15.30 | 759,382 | 590,279 |
| Dreyfus IP MidCap Stock Portfolio - Initial shares | 66,979 | 17.62 | 1,180,169 | 967,090 |
| Dreyfus Socially Responsible Growth Fund - Initial shares | 124,435 | 25.17 | 3,132,034 | 4,283,118 |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares | 111,637 | 41.55 | 4,638,506 | 4,099,636 |
| Dreyfus VIF Quality Bond Portfolio - Initial shares | 611,789 | 11.41 | 6,980,516 | 7,068,436 |
| Evergreen VA High Income Fund - Class 1 | 526,538 | 10.76 | 5,665,545 | 5,323,763 |
| Evergreen VA Strategic Income Fund - Class 1 | 3,223 | 10.78 | 34,746 | 33,069 |
| Fidelity VIP Asset Manager Portfolio - Initial Class | 9,786 | 14.85 | 145,316 | 139,984 |
| Fidelity VIP Asset Manager Portfolio - Service Class 2 | 80,486 | 14.64 | 1,178,318 | 1,072,805 |
| Fidelity VIP Contrafund Portfolio - Service Class 2 | 143,206 | 26.35 | 3,773,469 | 2,946,562 |
| Fidelity VIP Equity-Income Portfolio - Service Class 2 | 163,780 | 25.09 | 4,109,250 | 3,445,147 |
| Fidelity VIP Growth Portfolio - Service Class 2 | 84,749 | 31.64 | 2,681,460 | 2,431,916 |
| Fidelity VIP Index 500 Portfolio - Initial Class | 599 | 137.75 | 82,545 | 76,912 |
| Fidelity VIP Mid Cap Portfolio - Service Class 2 | 8 | 29.88 | 233 | 198 |
| Fidelity VIP Overseas Portfolio - Initial Class | 1,950 | 17.52 | 34,161 | 33,834 |
| Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2 | 14 | 15.65 | 224 | 197 |
| Franklin Templeton - Franklin U.S. Government Fund - Class 2 | 16 | 12.84 | 203 | 197 |
| Franklin Templeton - Mutual Shares Securities Fund - Class 2 | 13 | 16.64 | 214 | 196 |

| | | | | |
|---|---------|-------|-----------|-----------|
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2 | 134,132 | 14.35 | 1,924,798 | 1,782,960 |
| Franklin Templeton - Templeton Global Asset Allocation Fund - Class 2 | 99,373 | 20.95 | 2,081,861 | 1,747,957 |
| Goldman Sachs Capital Growth Fund | 17,404 | 10.39 | 180,833 | 163,366 |
| Janus Aspen Series International Growth Portfolio - Service Shares | 14,632 | 26.94 | 394,186 | 316,021 |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares | 39,672 | 25.36 | 1,006,080 | 789,495 |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares | 27,831 | 26.62 | 740,865 | 740,627 |
| JPMorgan Mid Cap Value Portfolio | 9 | 25.92 | 221 | 196 |
| JPMorgan Small Company Portfolio | 25,092 | 17.88 | 448,645 | 329,446 |
| LEVCO Equity Value Fund | 5,841 | 11.24 | 65,653 | 56,021 |
| MFS VIT Capital Opportunities Series - Initial Class | 129,469 | 13.57 | 1,756,900 | 1,589,545 |
| MFS VIT Emerging Growth Series - Initial Class | 329,042 | 17.52 | 5,764,813 | 7,757,277 |
| MFS VIT New Discovery Series - Initial Class | 53,881 | 14.87 | 801,205 | 721,929 |
| MFS VIT Research Series - Initial Class | 63,748 | 15.30 | 975,350 | 845,374 |
| Neuberger Berman AMT Balanced Portfolio - Class I | 1,119 | 9.64 | 10,790 | 10,183 |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I | 46,871 | 17.83 | 835,702 | 668,148 |
| Neuberger Berman AMT Partners Portfolio - Class I | 160 | 18.32 | 2,930 | 2,600 |
| Oppenheimer Balanced Fund/VA - Non-Service Shares | 12 | 17.35 | 214 | 197 |
| Oppenheimer Global Securities Fund/VA - Non-Service Shares | 8 | 29.51 | 227 | 196 |
| PIMCO VIT Real Return Portfolio - Administrative Class | 361,206 | 12.92 | 4,666,778 | 4,168,296 |

</TABLE>

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

Note E - Investments - Continued

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

| Divisions | Shares | Net Asset Value | Value of Shares at Fair Value | Cost of Shares Held |
|---|------------|-----------------|-------------------------------|---------------------|
| <S> | <C> | <C> | <C> | <C> |
| PIMCO VIT Short-Term Portfolio - Administrative Class | 126,185 | \$10.08 | \$ 1,271,948 | \$ 1,267,974 |
| PIMCO VIT Total Return Portfolio - Administrative Class | 404,370 | 10.51 | 4,249,926 | 4,100,625 |
| Pioneer Fund VCT Portfolio - Class I | 103,481 | 20.57 | 2,128,595 | 2,082,028 |
| Pioneer Growth Opportunities VCT Portfolio - Class I | 135,951 | 23.78 | 3,232,917 | 3,143,189 |
| Putnam VT Diversified Income Fund - Class IB | 23 | 9.17 | 212 | 196 |
| Putnam VT Growth and Income Fund - Class IB | 113,553 | 25.44 | 2,888,786 | 2,498,730 |
| Putnam VT International Growth and Income Fund - Class IB | 52,768 | 13.51 | 712,890 | 517,217 |
| Royce Small-Cap Portfolio | 116,726 | 9.00 | 1,050,533 | 826,868 |
| SunAmerica - Aggressive Growth Portfolio - Class 1 | 21 | 10.19 | 217 | 198 |
| SunAmerica - SunAmerica Balanced Portfolio - Class 1 | 15 | 14.00 | 208 | 200 |
| UIF Core Plus Fixed Income Portfolio - Class I | 300,892 | 11.56 | 3,478,309 | 3,354,862 |
| UIF Emerging Markets Equity Portfolio - Class I | 196,113 | 11.05 | 2,167,046 | 1,709,963 |
| UIF Equity Growth Portfolio - Class I | 810,124 | 13.75 | 11,139,204 | 14,506,307 |
| UIF Global Value Equity Portfolio - Class I | 430,510 | 14.30 | 6,156,290 | 5,445,382 |
| UIF High Yield Portfolio - Class I | 803,763 | 7.28 | 5,851,395 | 5,873,706 |
| UIF International Magnum Portfolio - Class I | 350,992 | 11.29 | 3,962,700 | 4,045,851 |
| UIF U.S. Mid Cap Value Portfolio - Class I | 810,744 | 16.99 | 13,774,540 | 12,205,652 |
| UIF U.S. Real Estate Portfolio - Class I | 239,734 | 20.48 | 4,909,743 | 2,990,520 |
| UIF Value Portfolio - Class I | 788,333 | 14.88 | 11,730,391 | 9,324,777 |
| VALIC Company I - Blue Chip Growth Fund | 10,863 | 8.49 | 92,227 | 85,356 |
| VALIC Company I - Health Sciences Fund | 7,111 | 10.04 | 71,394 | 70,566 |
| VALIC Company I - Income & Growth Fund | 5,192 | 9.97 | 51,761 | 47,920 |
| VALIC Company I - International Equities Fund | 130,845 | 7.86 | 1,028,443 | 985,696 |
| VALIC Company I - Mid Cap Index Fund | 309,966 | 21.30 | 6,602,275 | 5,559,933 |
| VALIC Company I - Money Market I Fund | 8,702,257 | 1.00 | 8,702,257 | 8,702,257 |
| VALIC Company I - Nasdaq-100 Index Fund | 186,017 | 4.51 | 838,937 | 667,653 |
| VALIC Company I - Science & Technology Fund | 47,292 | 11.42 | 540,075 | 514,367 |
| VALIC Company I - Small Cap Index Fund | 65,858 | 16.04 | 1,056,367 | 810,061 |
| VALIC Company I - Social Awareness Fund | 143 | 19.70 | 2,810 | 3,293 |
| VALIC Company I - Stock Index Fund | 272,275 | 32.77 | 8,922,439 | 9,814,369 |
| Van Kampen Comstock Fund | 348,313 | 18.51 | 6,447,270 | 5,471,538 |
| Van Kampen Corporate Bond Fund | 45,844 | 6.77 | 310,362 | 301,835 |
| Van Kampen High Yield Fund | 1,726,455 | 3.74 | 6,456,943 | 8,786,201 |
| Van Kampen LIT Emerging Growth Portfolio - Class I | 662,288 | 26.02 | 17,232,745 | 30,051,824 |
| Van Kampen LIT Enterprise Portfolio - Class I | 1,463,686 | 13.60 | 19,906,124 | 30,543,871 |
| Van Kampen LIT Government Portfolio - Class I | 1,025,838 | 9.48 | 9,724,945 | 9,554,731 |
| Van Kampen LIT Growth and Income Portfolio - Class I | 2,675,719 | 19.32 | 51,694,885 | 42,172,207 |
| Van Kampen LIT Money Market Portfolio - Class I | 4,247,576 | 1.00 | 4,247,576 | 4,247,576 |
| Van Kampen Reserve Fund | 286,495 | 1.00 | 286,495 | 286,495 |
| Vanguard VIF High Yield Bond Portfolio | 23 | 9.02 | 211 | 196 |
| Vanguard VIF REIT Index Portfolio | 12 | 20.09 | 247 | 198 |
| WM VT Balanced Portfolio | 16,724,097 | 16.08 | 268,923,473 | 242,107,171 |
| WM VT Conservative Balanced Portfolio | 1,224,364 | 11.82 | 14,471,987 | 12,391,561 |

</TABLE>

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D
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>

| Divisions | Shares | Net Asset Value | Value of Shares at Fair Value | Cost of Shares Held |
|---------------------------------------|------------|-----------------|-------------------------------|---------------------|
| <S> | <C> | <C> | <C> | <C> |
| WM VT Conservative Growth Portfolio | 11,566,242 | \$16.89 | \$195,353,827 | \$185,590,677 |
| WM VT Equity Income Fund | 1,463,475 | 16.26 | 23,796,108 | 18,015,398 |
| WM VT Flexible Income Portfolio | 3,850,097 | 14.10 | 54,286,363 | 46,986,519 |
| WM VT Growth & Income Fund | 2,511,580 | 18.19 | 45,685,644 | 44,963,475 |
| WM VT Growth Fund | 3,565,903 | 13.03 | 46,463,712 | 75,215,605 |
| WM VT Income Fund | 2,017,490 | 11.08 | 22,353,787 | 20,619,666 |
| WM VT International Growth Fund | 666,579 | 12.77 | 8,512,218 | 7,965,824 |
| WM VT Mid Cap Stock Fund | 428,698 | 16.44 | 7,047,790 | 5,588,325 |
| WM VT Money Market Fund | 10,538,764 | 1.00 | 10,538,764 | 10,538,764 |
| WM VT Short Term Income Fund | 3,465,063 | 2.58 | 8,939,863 | 8,784,505 |
| WM VT Small Cap Growth Fund | 1,268,850 | 9.85 | 12,498,174 | 13,769,092 |
| WM VT Strategic Growth Portfolio | 3,443,367 | 18.45 | 63,530,114 | 62,432,062 |
| WM VT U.S. Government Securities Fund | 2,231,121 | 10.71 | 23,895,311 | 23,666,990 |
| WM VT West Coast Equity Fund | 1,202,289 | 20.45 | 24,586,811 | 20,043,942 |

</TABLE>

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

Note F - Summary of Changes in Units

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

<TABLE>

<CAPTION>

| Divisions | Accumulation Units Issued | Accumulation Units Redeemed | Annuity Units Issued | Annuity Units Redeemed | Net Increase (Decrease) |
|--|---------------------------|-----------------------------|----------------------|------------------------|-------------------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| AIM V.I. International Growth Fund - Series I | | | | | |
| Platinum Investor | 725 | (46,306) | -- | -- | (45,581) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| AIM V.I. Premier Equity Fund - Series I | | | | | |
| Platinum Investor | 3,863 | (176,100) | -- | -- | (172,237) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Alger American Leveraged AllCap Portfolio - Class O Shares | | | | | |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Alger American MidCap Growth Portfolio - Class O Shares | | | | | |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| American Century VP Inflation Protection Fund - Class II | | | | | |
| Platinum Investor Immediate VA | -- | -- | 20 | -- | 20 |
| American Century VP Value Fund - Class I | | | | | |
| Platinum Investor | 14,326 | (31,770) | -- | -- | (17,444) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Credit Suisse Small Cap Growth Portfolio | | | | | |
| Platinum Investor | 13,030 | (12,789) | -- | -- | 241 |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Dreyfus IP MidCap Stock Portfolio - Initial shares | | | | | |
| Platinum Investor | 8,139 | (15,126) | -- | -- | (6,987) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Dreyfus Socially Responsible Growth Fund - Initial shares | | | | | |
| Platinum Investor | 1,837 | (77,965) | -- | -- | (76,128) |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares | | | | | |
| Platinum Investor | 1,659 | (65,982) | -- | -- | (64,323) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Dreyfus VIF Quality Bond Portfolio - Initial shares | | | | | |
| Platinum Investor | 550 | (76,880) | -- | -- | (76,330) |

| | | | | | |
|--|--------|----------|----|----|----------|
| Platinum Investor Immediate VA | -- | -- | 20 | -- | 20 |
| Evergreen VA High Income Fund - Class 1 | | | | | |
| Select Reserve | 5,353 | (438) | -- | -- | 4,915 |
| Evergreen VA Strategic Income Fund - Class 1 | | | | | |
| Select Reserve | 4,871 | (398) | -- | -- | 4,473 |
| Fidelity VIP Asset Manager Portfolio - Initial Class | | | | | |
| Variety Plus | 3,037 | (3,093) | -- | -- | (56) |
| Fidelity VIP Asset Manager Portfolio - | | | | | |
| Service Class 2 | | | | | |
| Platinum Investor | 15,585 | (12,014) | -- | -- | 3,571 |
| Platinum Investor Immediate VA | -- | -- | 20 | -- | 20 |
| Fidelity VIP Contrafund Portfolio - Service Class 2 | | | | | |
| Platinum Investor | 81,333 | (66,631) | -- | -- | 14,702 |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Fidelity VIP Equity-Income Portfolio - Service | | | | | |
| Class 2 | | | | | |
| Platinum Investor | 12,049 | (47,482) | -- | -- | (35,433) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |

</TABLE>

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

Note F - Summary of Changes in Units - Continued

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

<TABLE>

<CAPTION>

| Divisions | Accumulation Units Issued | Accumulation Units Redeemed | Annuity Units Issued | Annuity Units Redeemed | Net Increase (Decrease) |
|--|------------------------------|--------------------------------|-------------------------|---------------------------|----------------------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| Fidelity VIP Growth Portfolio - Service Class 2 | | | | | |
| Platinum Investor | 1,817 | (56,837) | -- | -- | (55,020) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Fidelity VIP Index 500 Portfolio - Initial Class | | | | | |
| Variety Plus | -- | (681) | -- | -- | (681) |
| Fidelity VIP Mid Cap Portfolio - Service Class 2 | | | | | |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Fidelity VIP Overseas Portfolio - Initial Class | | | | | |
| Variety Plus | 2,638 | (2,714) | -- | -- | (76) |
| Franklin Templeton - Franklin Small Cap Value | | | | | |
| Securities Fund - Class 2 | | | | | |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Franklin Templeton - Franklin U.S. Government Fund - | | | | | |
| Class 2 | | | | | |
| Platinum Investor Immediate VA | -- | -- | 20 | -- | 20 |
| Franklin Templeton - Mutual Shares Securities Fund - | | | | | |
| Class 2 | | | | | |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Franklin Templeton - Templeton Foreign Securities | | | | | |
| Fund - Class 2 | | | | | |
| Platinum Investor | 3,247 | (9,428) | -- | -- | (6,181) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Franklin Templeton - Templeton Global Asset | | | | | |
| Allocation Fund - Class 2 | | | | | |
| Platinum Investor | 6,721 | (14,702) | -- | -- | (7,981) |
| Goldman Sachs Capital Growth Fund | | | | | |
| Platinum Investor | -- | (1,781) | -- | -- | (1,781) |
| Janus Aspen Series International Growth Portfolio - | | | | | |
| Service Shares | | | | | |
| Platinum Investor | 5,528 | (2,552) | -- | -- | 2,976 |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Janus Aspen Series Mid Cap Growth Portfolio - | | | | | |
| Service Shares | | | | | |
| Platinum Investor | 15,622 | (24,767) | -- | -- | (9,145) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Janus Aspen Series Worldwide Growth Portfolio - | | | | | |
| Service Shares | | | | | |
| Platinum Investor | 799 | (14,644) | -- | -- | (13,845) |
| Platinum Investor Immediate VA | -- | -- | 20 | -- | 20 |
| JPMorgan Mid Cap Value Portfolio | | | | | |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| JPMorgan Small Company Portfolio | | | | | |
| Platinum Investor | 9,787 | (2,396) | -- | -- | 7,391 |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| LEVCO Equity Value Fund | | | | | |
| Select Reserve | 5,749 | (1,813) | -- | -- | 3,936 |
| MFS VIT Capital Opportunities Series - Initial Class | | | | | |

| | | | | | |
|--------------------------------|--------|----------|----|----|----------|
| Platinum Investor | 10,022 | (42,606) | -- | -- | (32,584) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |

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

Note F - Summary of Changes in Units - Continued

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

| Divisions | Accumulation Units Issued | Accumulation Units Redeemed | Annuity Units Issued | Annuity Units Redeemed | Net Increase (Decrease) |
|--|------------------------------|--------------------------------|-------------------------|---------------------------|----------------------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| MFS VIT Emerging Growth Series - Initial Class | | | | | |
| Platinum Investor | 4,492 | (121,479) | -- | -- | (116,987) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| MFS VIT New Discovery Series - Initial Class | | | | | |
| Platinum Investor | 4,686 | (12,479) | -- | -- | (7,793) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| MFS VIT Research Series - Initial Class | | | | | |
| Platinum Investor | 9,884 | (24,273) | -- | -- | (14,389) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Navellier Growth Portfolio | | | | | |
| Select Reserve | (2,294) | (368,575) | -- | -- | (370,869) |
| Neuberger Berman AMT Balanced Portfolio - Class I | | | | | |
| Variety Plus | 2,659 | (2,665) | -- | -- | (6) |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I | | | | | |
| Platinum Investor | 8,687 | (12,237) | -- | -- | (3,550) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Neuberger Berman AMT Partners Portfolio - Class I | | | | | |
| Variety Plus | 1,915 | (1,920) | -- | -- | (5) |
| Oppenheimer Balanced Fund/VA - Non-Service Shares | | | | | |
| Platinum Investor Immediate VA | -- | -- | 20 | -- | 20 |
| Oppenheimer Global Securities Fund/VA - Non-Service Shares | | | | | |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| PIMCO VIT Real Return Portfolio - Administrative Class | | | | | |
| Platinum Investor | 2,292 | (39,264) | -- | -- | (36,972) |
| Platinum Investor Immediate VA | -- | -- | 20 | -- | 20 |
| PIMCO VIT Short-Term Portfolio - Administrative Class | | | | | |
| Platinum Investor | 1,473 | (9,843) | -- | -- | (8,370) |
| Platinum Investor Immediate VA | -- | -- | 20 | -- | 20 |
| PIMCO VIT Total Return Portfolio - Administrative Class | | | | | |
| Platinum Investor | 758 | (51,051) | -- | -- | (50,293) |
| Platinum Investor Immediate VA | -- | -- | 20 | -- | 20 |
| Pioneer Fund VCT Portfolio - Class I | | | | | |
| Platinum Investor | 211,516 | (3,152) | -- | -- | 208,364 |
| Pioneer Growth Opportunities VCT Portfolio - Class I | | | | | |
| Platinum Investor | 327,571 | (13,009) | -- | -- | 314,562 |
| Putnam VT Diversified Income Fund - Class IB | | | | | |
| Platinum Investor Immediate VA | -- | -- | 20 | -- | 20 |
| Putnam VT Growth and Income Fund - Class IB | | | | | |
| Platinum Investor | 17,229 | (28,680) | -- | -- | (11,451) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Putnam VT International Growth and Income Fund - Class IB | | | | | |
| Platinum Investor | 10,921 | (4,644) | -- | -- | 6,277 |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |

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

Note F - Summary of Changes in Units - Continued

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

| Divisions | Accumulation Units Issued | Accumulation Units Redeemed | Annuity Units Issued | Annuity Units Redeemed | Net Increase (Decrease) |
|--|------------------------------|--------------------------------|-------------------------|---------------------------|----------------------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| Royce Small-Cap Portfolio | | | | | |
| Select Reserve | 16,260 | -- | -- | -- | 16,260 |
| Safeco RST Core Equity Portfolio | | | | | |
| Platinum Investor | 145 | (332,154) | -- | -- | (332,009) |
| Safeco RST Growth Opportunities Portfolio | | | | | |
| Platinum Investor | 1,038 | (300,570) | -- | -- | (299,532) |
| SunAmerica - Aggressive Growth Portfolio - Class 1 | | | | | |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| SunAmerica - SunAmerica Balanced Portfolio - Class 1 | | | | | |
| Platinum Investor Immediate VA | -- | -- | 20 | -- | 20 |
| UIF Core Plus Fixed Income Portfolio - Class I | | | | | |
| GENERATIONS | 1,652 | (68,506) | -- | -- | (66,854) |
| UIF Emerging Markets Equity Portfolio - Class I | | | | | |
| GENERATIONS | 19,943 | (37,071) | -- | (597) | (17,725) |
| UIF Equity Growth Portfolio - Class I | | | | | |
| GENERATIONS | 44,024 | (205,979) | -- | -- | (161,955) |
| Platinum Investor | 814 | (42,357) | -- | -- | (41,543) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| UIF Global Value Equity Portfolio - Class I | | | | | |
| GENERATIONS | 12,834 | (133,977) | -- | (407) | (121,550) |
| UIF High Yield Portfolio - Class I | | | | | |
| GENERATIONS | 232 | (197,727) | -- | -- | (197,495) |
| Platinum Investor | 179 | (18,550) | -- | -- | (18,371) |
| Platinum Investor Immediate VA | -- | -- | 20 | -- | 20 |
| UIF International Magnum Portfolio - Class I | | | | | |
| GENERATIONS | 160 | (108,618) | -- | (451) | (108,909) |
| UIF U.S. Mid Cap Value Portfolio - Class I | | | | | |
| GENERATIONS | 45,957 | (194,549) | -- | (372) | (148,964) |
| UIF U.S. Real Estate Portfolio - Class I | | | | | |
| GENERATIONS | 13,007 | (40,780) | -- | -- | (27,773) |
| UIF Value Portfolio - Class I | | | | | |
| GENERATIONS | 41,798 | (243,121) | -- | (438) | (201,761) |
| VALIC Company I - Blue Chip Growth Fund | | | | | |
| Select Reserve | 8,660 | -- | -- | -- | 8,660 |
| VALIC Company I - Health Sciences Fund | | | | | |
| Select Reserve | 6,632 | -- | -- | -- | 6,632 |
| VALIC Company I - Income & Growth Fund | | | | | |
| Select Reserve | 4,702 | -- | -- | -- | 4,702 |
| VALIC Company I - International Equities Fund | | | | | |
| Platinum Investor | 4,210 | (13,119) | -- | -- | (8,909) |
| Platinum Investor Immediate VA | -- | -- | 20 | -- | 20 |
| Select Reserve | 7,861 | -- | -- | -- | 7,861 |
| VARIETY Plus | -- | (48) | -- | -- | (48) |

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

Note F - Summary of Changes in Units - Continued

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

| Divisions | Accumulation Units Issued | Accumulation Units Redeemed | Annuity Units Issued | Annuity Units Redeemed | Net Increase (Decrease) |
|---|------------------------------|--------------------------------|-------------------------|---------------------------|----------------------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| VALIC Company I - Mid Cap Index Fund | | | | | |
| Platinum Investor | 2,116 | (60,185) | -- | -- | (58,069) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Select Reserve | 6,927 | (302) | -- | -- | 6,625 |
| VALIC Company I - Money Market I Fund | | | | | |
| Platinum Investor | 2,837 | (113,717) | -- | -- | (110,880) |
| Platinum Investor Immediate VA | -- | -- | -- | -- | -- |
| Select Reserve | 182,609 | (100,214) | -- | -- | 82,395 |
| VALIC Company I - Nasdaq-100 Index Fund | | | | | |
| Platinum Investor | 8,773 | (57,780) | -- | -- | (49,007) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| VALIC Company I - Science & Technology Fund | | | | | |
| Platinum Investor | 11,408 | (10,906) | -- | -- | 502 |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| VALIC Company I - Small Cap Index Fund | | | | | |
| Platinum Investor | 18,746 | (5,721) | -- | -- | 13,025 |

| | | | | | |
|--|--------|-----------|----|---------|-----------|
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| VALIC Company I - Social Awareness Fund | | | | | |
| Variety Plus | -- | (1) | -- | -- | (1) |
| VALIC Company I - Stock Index Fund | | | | | |
| Platinum Investor | 11,955 | (130,348) | -- | -- | (118,393) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Select Reserve | 9,246 | (400) | -- | -- | 8,846 |
| Variety Plus | -- | (77) | -- | -- | (77) |
| Van Kampen Comstock Fund | | | | | |
| Other Contracts | -- | (35,150) | -- | (295) | (35,445) |
| Van Kampen Corporate Bond Fund | | | | | |
| Other Contracts | -- | -- | -- | -- | -- |
| Van Kampen High Yield Fund | | | | | |
| Other Contracts | 470 | (144,262) | -- | (5,394) | (149,186) |
| Van Kampen LIT Emerging Growth Portfolio - Class I | | | | | |
| GENERATIONS | 1,116 | (310,150) | -- | (2,848) | (311,882) |
| Van Kampen LIT Enterprise Portfolio - Class I | | | | | |
| GENERATIONS | 639 | (166,052) | -- | (132) | (165,545) |
| Other Contracts (Deferred Load, Non-Qualified) | 965 | (158,131) | -- | (1,237) | (158,403) |
| Other Contracts (Non-Qualified) | -- | (12,079) | -- | (1,003) | (13,082) |
| Variety Plus | 1,475 | (68,389) | -- | -- | (66,914) |
| Van Kampen LIT Government Portfolio - Class I | | | | | |
| GENERATIONS | 173 | (130,086) | -- | -- | (129,913) |
| Other Contracts (Deferred Load, Non-Qualified) | -- | (22,472) | -- | (259) | (22,731) |
| Other Contracts (Deferred Load, Qualified) | -- | -- | -- | (788) | (788) |
| Other Contracts (Non-Qualified) | -- | (9,466) | -- | -- | (9,466) |
| Variety Plus | -- | (14,041) | -- | -- | (14,041) |

</TABLE>

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

Note F - Summary of Changes in Units - Continued

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

<TABLE>

<CAPTION>

| Divisions | Accumulation Units Issued | Accumulation Units Redeemed | Annuity Units Issued | Annuity Units Redeemed | Net Increase (Decrease) |
|--|------------------------------|--------------------------------|-------------------------|---------------------------|----------------------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| Van Kampen LIT Growth and Income Portfolio - Class I | | | | | |
| GENERATIONS | 90,858 | (750,192) | -- | -- | (659,334) |
| Platinum Investor | 142 | (18,896) | -- | -- | (18,754) |
| Platinum Investor Immediate VA | -- | -- | 19 | -- | 19 |
| Van Kampen LIT Money Market Portfolio - Class I | | | | | |
| GENERATIONS | 12,512 | (126,655) | -- | -- | (114,143) |
| Other Contracts (Deferred Load, Non-Qualified) | 2,647 | (21,847) | 14,595 | (4,518) | (9,123) |
| Other Contracts (Deferred Load, Qualified) | -- | -- | -- | (80) | (80) |
| Other Contracts (Non-Qualified) | -- | (56,973) | -- | (2,153) | (59,126) |
| Variety Plus | -- | (32,161) | -- | -- | (32,161) |
| Van Kampen Reserve Fund | | | | | |
| Other Contracts | -- | (227,183) | -- | (730) | (227,913) |
| Vanguard VIF High Yield Bond Portfolio | | | | | |
| Platinum Investor Immediate VA | -- | -- | 20 | -- | 20 |
| Vanguard VIF REIT Index Portfolio | | | | | |
| Platinum Investor Immediate VA | -- | -- | 20 | -- | 20 |
| WM VT Balanced Portfolio | | | | | |
| WM Advantage | 282,576 | (2,748,171) | -- | (42,275) | (2,507,870) |
| WM Strategic Asset Manager | 806,431 | (3,432,417) | -- | -- | (2,625,986) |
| WM VT Conservative Balanced Portfolio | | | | | |
| WM Advantage | 31,673 | (22,698) | -- | -- | 8,975 |
| WM Strategic Asset Manager | 332,589 | (203,995) | -- | -- | 128,594 |
| WM VT Conservative Growth Portfolio | | | | | |
| WM Advantage | 608,814 | (3,030,239) | -- | -- | (2,421,425) |
| WM Strategic Asset Manager | 85,301 | (2,760,104) | -- | -- | (2,674,803) |
| WM VT Equity Income Fund | | | | | |
| WM Advantage | 136,773 | (88,463) | -- | -- | 48,310 |
| WM Strategic Asset Manager | 224,167 | (332,487) | -- | -- | (108,320) |
| WM VT Flexible Income Portfolio | | | | | |
| WM Advantage | 103,357 | (281,169) | -- | -- | (177,812) |
| WM Strategic Asset Manager | 75,955 | (1,078,430) | -- | -- | (1,002,475) |
| WM VT Growth & Income Fund | | | | | |
| WM Advantage | 4,683 | (1,158,064) | -- | -- | (1,153,381) |
| WM Strategic Asset Manager | 4,983 | (906,381) | -- | -- | (901,398) |
| WM VT Growth Fund | | | | | |
| WM Advantage | 17,141 | (1,347,132) | -- | (118) | (1,330,109) |
| WM Strategic Asset Manager | 2,943 | (823,059) | -- | -- | (820,116) |
| WM VT Income Fund | | | | | |

| | | | | | |
|---------------------------------|--------|-------------|----|-------|-------------|
| WM Advantage | 9,870 | (1,163,161) | -- | (460) | (1,153,751) |
| WM Strategic Asset Manager | 10,485 | (463,619) | -- | -- | (453,134) |
| WM VT International Growth Fund | | | | | |
| WM Advantage | 11,227 | (648,587) | -- | (320) | (637,680) |
| WM Strategic Asset Manager | 9,154 | (45,575) | -- | -- | (36,421) |

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

Note F - Summary of Changes in Units - Continued

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

| Divisions | Accumulation Units Issued | Accumulation Units Redeemed | Annuity Units Issued | Annuity Units Redeemed | Net Increase (Decrease) |
|---------------------------------------|------------------------------|--------------------------------|-------------------------|---------------------------|----------------------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| WM VT Mid Cap Stock Fund | | | | | |
| WM Advantage | 44,973 | (36,961) | -- | -- | 8,012 |
| WM Strategic Asset Manager | 54,303 | (92,369) | -- | -- | (38,066) |
| WM VT Money Market Fund | | | | | |
| WM Advantage | 36,075 | (611,393) | -- | (5) | (575,323) |
| WM Strategic Asset Manager | 610 | (772,291) | -- | -- | (771,681) |
| WM VT Short Term Income Fund | | | | | |
| WM Advantage | 5,580 | (834,358) | -- | (5,314) | (834,092) |
| WM Strategic Asset Manager | 10,710 | (111,211) | -- | -- | (100,501) |
| WM VT Small Cap Growth Fund | | | | | |
| WM Advantage | 14,117 | (676,767) | -- | (235) | (662,885) |
| WM Strategic Asset Manager | 656 | (150,900) | -- | -- | (150,244) |
| WM VT Strategic Growth Portfolio | | | | | |
| WM Advantage | 84,940 | (404,975) | -- | -- | (320,035) |
| WM Strategic Asset Manager | 23,678 | (852,439) | -- | -- | (828,761) |
| WM VT U.S. Government Securities Fund | | | | | |
| WM Advantage | 5,889 | (1,236,471) | -- | (470) | (1,231,052) |
| WM Strategic Asset Manager | 33,721 | (1,567,546) | -- | -- | (1,533,825) |
| WM VT West Coast Equity Fund | | | | | |
| WM Advantage | 254,026 | (76,323) | -- | -- | 177,703 |
| WM Strategic Asset Manager | 94,998 | (252,539) | -- | -- | (157,541) |

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

Note F - Summary of Changes in Units - Continued

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

| Divisions | Accumulation Units Issued | Accumulation Units Redeemed | Annuity Units Issued | Annuity Units Redeemed | Net Increase (Decrease) |
|---|------------------------------|--------------------------------|-------------------------|---------------------------|----------------------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| AIM V.I. International Growth Fund - Series I | | | | | |
| Platinum Investor | 1,067 | (36,107) | -- | -- | (35,040) |
| AIM V.I. Premier Equity Fund - Series I | | | | | |
| Platinum Investor | 6,355 | (162,570) | -- | -- | (156,215) |
| American Century VP Value Fund - Class I | | | | | |
| Platinum Investor | 13,016 | (15,582) | -- | -- | (2,566) |
| Ayco Growth Fund | | | | | |
| Platinum Investor | -- | (28,270) | -- | -- | (28,270) |
| Credit Suisse Small Cap Growth Portfolio | | | | | |
| Platinum Investor | 47,343 | (2,211) | -- | -- | 45,132 |
| Dreyfus IP MidCap Stock Portfolio - Initial shares | | | | | |
| Platinum Investor | 21,460 | (3,447) | -- | -- | 18,013 |
| Dreyfus Socially Responsible Growth Fund - Initial shares | | | | | |
| Platinum Investor | 981 | (71,424) | -- | -- | (70,443) |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares | | | | | |
| Platinum Investor | 2,120 | (66,959) | -- | -- | (64,839) |
| Dreyfus VIF Quality Bond Portfolio - Initial shares | | | | | |
| Platinum Investor | 1,513 | (91,529) | -- | -- | (90,016) |
| Evergreen Offit VA Emerging Markets Bond Fund - Class 1 | | | | | |

| | | | | | |
|---|--------|-----------|----|----|-----------|
| Select Reserve | -- | (744,277) | -- | -- | (744,277) |
| Evergreen Offit VA U.S. Government Securities Fund - Class 1 Select Reserve | -- | (81,156) | -- | -- | (81,156) |
| Evergreen VA High Income Fund - Class 1 | | | | | |
| Select Reserve | -- | (562,638) | -- | -- | (562,638) |
| Evergreen VA Strategic Income Fund - Class 1 | | | | | |
| Select Reserve | -- | (1,233) | -- | -- | (1,233) |
| Fidelity VIP Asset Manager Portfolio - Initial Class | | | | | |
| Variety Plus | -- | (516) | -- | -- | (516) |
| Fidelity VIP Asset Manager Portfolio - Service Class 2 | | | | | |
| Platinum Investor | 9,004 | (9,002) | -- | -- | 2 |
| Fidelity VIP Contrafund Portfolio - Service Class 2 | | | | | |
| Platinum Investor | 87,684 | (31,456) | -- | -- | 56,228 |
| Fidelity VIP Equity-Income Portfolio - Service Class 2 | | | | | |
| Platinum Investor | 42,554 | (43,999) | -- | -- | (1,445) |
| Fidelity VIP Growth Portfolio - Service Class 2 | | | | | |
| Platinum Investor | 72,253 | (51,196) | -- | -- | 21,057 |
| Fidelity VIP Index 500 Portfolio - Initial Class | | | | | |
| Variety Plus | -- | (1,185) | -- | -- | (1,185) |
| Fidelity VIP Overseas Portfolio - Initial Class | | | | | |
| Variety Plus | -- | (29,452) | -- | -- | (29,452) |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2 Platinum Investor | 26,821 | (4,511) | -- | -- | 22,310 |
| Franklin Templeton - Templeton Global Asset Allocation Fund - Class 2 Platinum Investor | 2,118 | (22,507) | -- | -- | (20,389) |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D
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>

| Divisions | Accumulation Units Issued | Accumulation Units Redeemed | Annuity Units Issued | Annuity Units Redeemed | Net Increase (Decrease) |
|--|------------------------------|--------------------------------|-------------------------|---------------------------|----------------------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| Goldman Sachs Capital Growth Fund | | | | | |
| Platinum Investor | 21,804 | -- | -- | -- | 21,804 |
| Janus Aspen Series International Growth Portfolio - Service Shares Platinum Investor | 1,751 | (2,719) | -- | -- | (968) |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares Platinum Investor | 17,534 | (24,404) | -- | -- | (6,870) |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares Platinum Investor | 61 | (36,888) | -- | -- | (36,827) |
| JPMorgan Small Company Portfolio | | | | | |
| Platinum Investor | 4,237 | (735) | -- | -- | 3,502 |
| LEVCO Equity Value Fund | | | | | |
| Select Reserve | 1,031 | (27,159) | -- | -- | (26,128) |
| MFS VIT Capital Opportunities Series - Initial Class | | | | | |
| Platinum Investor | 11,916 | (21,852) | -- | -- | (9,936) |
| MFS VIT Emerging Growth Series - Initial Class | | | | | |
| Platinum Investor | 6,708 | (89,801) | -- | -- | (83,093) |
| MFS VIT New Discovery Series - Initial Class | | | | | |
| Platinum Investor | 1,907 | (14,698) | -- | -- | (12,791) |
| MFS VIT Research Series - Initial Class | | | | | |
| Platinum Investor | 2,067 | (32,820) | -- | -- | (30,753) |
| Navellier Growth Portfolio | | | | | |
| Select Reserve | 13,697 | (85,214) | -- | -- | (71,517) |
| Neuberger Berman AMT Balanced Portfolio - Class I | | | | | |
| Variety Plus | 1 | (7) | -- | -- | (6) |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I | | | | | |
| Platinum Investor | 49,361 | (3,445) | -- | -- | 45,916 |
| Neuberger Berman AMT Partners Portfolio - Class I | | | | | |
| Variety Plus | 1 | (17,409) | -- | -- | (17,408) |
| PIMCO VIT Real Return Portfolio - Administrative Class | | | | | |
| Platinum Investor | 2,288 | (55,127) | -- | -- | (52,839) |
| PIMCO VIT Short-Term Portfolio - Administrative Class | | | | | |
| Platinum Investor | 1,128 | (51,778) | -- | -- | (50,650) |
| PIMCO VIT Total Return Portfolio - Administrative Class | | | | | |
| Platinum Investor | 20,115 | (49,305) | -- | -- | (29,190) |
| Putnam VT Growth and Income Fund - Class IB | | | | | |
| Platinum Investor | 28,493 | (32,544) | -- | -- | (4,051) |
| Putnam VT International Growth and Income Fund - Class IB | | | | | |
| Platinum Investor | 3,054 | (2,808) | -- | -- | 246 |
| Royce Small-Cap Portfolio | | | | | |
| Select Reserve | 12,143 | (12,148) | -- | -- | (5) |

| | | | | | |
|---|-------|----------|----|----|----------|
| Safeco RST Core Equity Portfolio | | | | | |
| Platinum Investor | 298 | (40,780) | -- | -- | (40,482) |
| Safeco RST Growth Opportunities Portfolio | | | | | |
| Platinum Investor | 3,827 | (25,032) | -- | -- | (21,205) |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D
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>

| Divisions | Accumulation Units Issued | Accumulation Units Redeemed | Annuity Units Issued | Annuity Units Redeemed | Net Increase (Decrease) |
|--|------------------------------|--------------------------------|-------------------------|---------------------------|----------------------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| UIF Core Plus Fixed Income Portfolio - Class I GENERATIONS | 56,599 | (94,096) | -- | -- | (37,497) |
| UIF Emerging Markets Equity Portfolio - Class I GENERATIONS | 421 | (80,588) | -- | (618) | (80,785) |
| UIF Equity Growth Portfolio - Class I GENERATIONS | 2,890 | (177,975) | -- | -- | (175,085) |
| Platinum Investor | 1,543 | (39,694) | -- | -- | (38,151) |
| UIF Global Value Equity Portfolio - Class I GENERATIONS | 2,004 | (128,836) | -- | (422) | (127,254) |
| UIF High Yield Portfolio - Class I GENERATIONS | 239 | (160,744) | -- | -- | (160,505) |
| Platinum Investor | 3,970 | (11,299) | -- | -- | (7,329) |
| UIF International Magnum Portfolio - Class I GENERATIONS | 416 | (123,610) | -- | (467) | (123,661) |
| UIF U.S. Mid Cap Value Portfolio - Class I GENERATIONS | 2,474 | (220,796) | -- | (385) | (218,707) |
| UIF U.S. Real Estate Portfolio - Class I GENERATIONS | 798 | (53,198) | -- | -- | (52,400) |
| UIF Value Portfolio - Class I GENERATIONS | 3,278 | (207,344) | -- | (453) | (204,519) |
| VALIC Company I - International Equities Fund | | | | | |
| Platinum Investor | 2,337 | (15,089) | -- | -- | (12,752) |
| Select Reserve | 261 | (3,755) | -- | -- | (3,494) |
| Variety Plus | -- | (19,234) | -- | -- | (19,234) |
| VALIC Company I - Mid Cap Index Fund | | | | | |
| Platinum Investor | 2,618 | (52,439) | -- | -- | (49,821) |
| Select Reserve | 45 | (4,026) | -- | -- | (3,981) |
| VALIC Company I - Money Market I Fund | | | | | |
| Platinum Investor | 10,131 | (1,181,582) | -- | -- | (1,171,451) |
| Select Reserve | 892,426 | (58,289) | -- | -- | 834,137 |
| VALIC Company I - Nasdaq-100 Index Fund | | | | | |
| Platinum Investor | 69,804 | (28,773) | -- | -- | 41,031 |
| VALIC Company I - Science & Technology Fund | | | | | |
| Platinum Investor | 1,970 | (13,365) | -- | -- | (11,395) |
| VALIC Company I - Small Cap Index Fund | | | | | |
| Platinum Investor | 23,579 | (1,913) | -- | -- | 21,666 |
| VALIC Company I - Social Awareness Fund | | | | | |
| Variety Plus | -- | (1) | -- | -- | (1) |
| VALIC Company I - Stock Index Fund | | | | | |
| Platinum Investor | 6,505 | (111,723) | -- | -- | (105,218) |
| Select Reserve | 4,721 | -- | -- | -- | 4,721 |
| Variety Plus | -- | (38,979) | -- | -- | (38,979) |
| Van Kampen Comstock Fund | | | | | |
| Other Contracts | -- | (46,094) | -- | (304) | (46,398) |

</TABLE>

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AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D
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>

Accumulation Accumulation Annuity Units Annuity Units Net Increase

| Divisions | Units Issued | Units Redeemed | Issued | Redeemed | (Decrease) |
|--|--------------|----------------|--------|----------|-------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| Van Kampen Corporate Bond Fund | | | | | |
| Other Contracts | -- | (34,696) | -- | -- | (34,696) |
| Van Kampen High Yield Fund | | | | | |
| Other Contracts | 384 | (45,664) | 1,468 | (6,562) | (50,374) |
| Van Kampen LIT Emerging Growth Portfolio - Class I | | | | | |
| GENERATIONS | 2,094 | (320,171) | -- | (2,948) | (321,025) |
| Van Kampen LIT Enterprise Portfolio - Class I | | | | | |
| GENERATIONS | 1,059 | (155,973) | -- | (137) | (155,051) |
| Other Contracts (Deferred Load, Non-Qualified) | 3,024 | (89,556) | 13,251 | (7,729) | (81,010) |
| Other Contracts (Non-Qualified) | 14,844 | -- | -- | (1,033) | 13,811 |
| VARIETY Plus | -- | (13,475) | -- | -- | (13,475) |
| Van Kampen LIT Government Portfolio - Class I | | | | | |
| GENERATIONS | 1,674 | (210,475) | -- | -- | (208,801) |
| Other Contracts (Deferred Load, Non-Qualified) | -- | (57,847) | 1,697 | (1,323) | (57,473) |
| Other Contracts (Non-Qualified) | 7,856 | (615) | -- | -- | 7,241 |
| VARIETY Plus | 63 | (13,811) | -- | -- | (13,748) |
| Van Kampen LIT Growth and Income Portfolio - | | | | | |
| Class I | | | | | |
| GENERATIONS | 16,635 | (649,661) | -- | -- | (633,026) |
| Platinum Investor | 28,662 | (9,734) | -- | -- | 18,928 |
| Van Kampen LIT Money Market Portfolio - Class I | | | | | |
| GENERATIONS | 438 | (241,049) | -- | -- | (240,611) |
| Other Contracts (Deferred Load, Non-Qualified) | 7,655 | (47,968) | -- | (5,681) | (45,994) |
| Other Contracts (Non-Qualified) | -- | (96,082) | -- | (2,218) | (98,300) |
| VARIETY Plus | 32,161 | -- | -- | -- | 32,161 |
| Van Kampen Reserve Fund | | | | | |
| Other Contracts | 220,267 | (38,835) | -- | (752) | 180,680 |
| WM VT Balanced Portfolio | | | | | |
| WM Advantage | 128,058 | (6,792,228) | -- | (43,767) | (6,707,937) |
| WM Strategic Asset Manager | 542,469 | (4,410,990) | -- | -- | (3,868,521) |
| WM VT Conservative Balanced Portfolio | | | | | |
| WM Advantage | 25,358 | (59,050) | -- | -- | (33,692) |
| WM Strategic Asset Manager | 5,134 | (231,096) | -- | -- | (225,962) |
| WM VT Conservative Growth Portfolio | | | | | |
| WM Advantage | 4,229 | (4,115,526) | -- | -- | (4,111,297) |
| WM Strategic Asset Manager | 55,807 | (4,546,227) | -- | -- | (4,490,420) |
| WM VT Equity Income Fund | | | | | |
| WM Advantage | 2,948 | (98,646) | -- | -- | (95,698) |
| WM Strategic Asset Manager | 85,912 | (346,518) | -- | -- | (260,606) |
| WM VT Flexible Income Portfolio | | | | | |
| WM Advantage | 108,179 | (441,819) | -- | -- | (333,640) |
| WM Strategic Asset Manager | 65,872 | (2,006,490) | -- | -- | (1,940,618) |
| WM VT Growth & Income Fund | | | | | |
| WM Advantage | 10,204 | (2,193,135) | -- | -- | (2,182,931) |
| WM Strategic Asset Manager | 5,178 | (1,388,228) | -- | -- | (1,383,050) |

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

Note F - Summary of Changes in Units - Continued

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

| Divisions | Accumulation Units Issued | Accumulation Units Redeemed | Annuity Units Issued | Annuity Units Redeemed | Net Increase (Decrease) |
|---------------------------------|------------------------------|--------------------------------|-------------------------|---------------------------|----------------------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| WM VT Growth Fund | | | | | |
| WM Advantage | 4,598 | (2,454,427) | -- | (122) | (2,449,951) |
| WM Strategic Asset Manager | 19,240 | (1,051,669) | -- | -- | (1,032,429) |
| WM VT Income Fund | | | | | |
| WM Advantage | 10,080 | (2,186,581) | -- | (476) | (2,176,977) |
| WM Strategic Asset Manager | 243,347 | (378,108) | -- | -- | (134,761) |
| WM VT International Growth Fund | | | | | |
| WM Advantage | 7,569 | (1,434,014) | -- | (331) | (1,426,776) |
| WM Strategic Asset Manager | 6,513 | (88,838) | -- | -- | (82,325) |
| WM VT Mid Cap Stock Fund | | | | | |
| WM Advantage | -- | (227,050) | -- | -- | (227,050) |
| WM Strategic Asset Manager | 2,752 | (114,656) | -- | -- | (111,904) |
| WM VT Money Market Fund | | | | | |
| WM Advantage | 155 | (2,558,436) | -- | -- | (2,558,281) |
| WM Strategic Asset Manager | 3,217 | (1,792,846) | -- | -- | (1,789,629) |
| WM VT Short Term Income Fund | | | | | |
| WM Advantage | 4,281 | (1,388,282) | -- | -- | (1,384,001) |

| | | | | | |
|---------------------------------------|---------|-------------|----|-------|-------------|
| WM Strategic Asset Manager | 100,825 | (234,429) | -- | -- | (133,604) |
| WM VT Small Cap Growth Fund | | | | | |
| WM Advantage | 13,584 | (1,357,718) | -- | (243) | (1,344,377) |
| WM Strategic Asset Manager | 28,360 | (103,850) | -- | -- | (75,490) |
| WM VT Strategic Growth Portfolio | | | | | |
| WM Advantage | 13,248 | (377,329) | -- | -- | (364,081) |
| WM Strategic Asset Manager | 15,290 | (1,396,744) | -- | -- | (1,381,454) |
| WM VT U.S. Government Securities Fund | | | | | |
| WM Advantage | 2,491 | (1,724,852) | -- | (487) | (1,722,848) |
| WM Strategic Asset Manager | 84,700 | (2,204,183) | -- | -- | (2,119,483) |
| WM VT West Coast Equity Fund | | | | | |
| WM Advantage | 6,900 | (139,082) | -- | -- | (132,182) |
| WM Strategic Asset Manager | 24,124 | (249,826) | -- | -- | (225,702) |

</TABLE>

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

Note G - Financial Highlights

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

<TABLE>

<CAPTION>

| Divisions | Units | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|--|-----------|------------|-------------|-----------------------------|-------------------|------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2004 | | | | | | |
| AIM V.I. International Growth Fund - Series I | | | | | | |
| Platinum Investor | 247,852 | \$10.49 | \$2,600,236 | 0.60% | 1.35% | 22.34% |
| Platinum Investor Immediate VA | 19 | 11.75 | 229 | 1.17% | 0.55% | 17.55% |
| AIM V.I. Premier Equity Fund - Series I | | | | | | |
| Platinum Investor | 1,057,615 | 7.48 | 7,907,100 | 0.43% | 1.35% | 4.35% |
| Platinum Investor Immediate VA | 19 | 10.57 | 206 | 0.90% | 0.55% | 5.72% |
| Alger American Leveraged AllCap Portfolio - Class O Shares | | | | | | |
| Platinum Investor Immediate VA | 19 | 10.69 | 202 | 0.00% | 0.55% | 6.90% |
| Alger American MidCap Growth Portfolio - Class O Shares | | | | | | |
| Platinum Investor Immediate VA | 19 | 11.24 | 210 | 0.00% | 0.55% | 12.40% |
| American Century VP Inflation Protection Fund - Class II | | | | | | |
| Platinum Investor Immediate VA | 20 | 10.51 | 206 | 3.28% | 0.55% | 5.11% |
| American Century VP Value Fund - Class I | | | | | | |
| Platinum Investor | 184,061 | 14.83 | 2,729,694 | 0.94% | 1.35% | 12.80% |
| Platinum Investor Immediate VA | 19 | 10.84 | 211 | 0.00% | 0.55% | 8.43% |
| Credit Suisse Small Cap Growth Portfolio | | | | | | |
| Platinum Investor | 95,170 | 7.98 | 759,174 | 0.00% | 1.35% | 9.38% |
| Platinum Investor Immediate VA | 19 | 10.68 | 204 | 0.00% | 0.55% | 6.81% |
| Dreyfus IP MidCap Stock Portfolio - Initial shares | | | | | | |
| Platinum Investor | 99,517 | 11.86 | 1,179,958 | 0.36% | 1.35% | 12.94% |
| Platinum Investor Immediate VA | 19 | 11.33 | 218 | 0.71% | 0.55% | 13.26% |
| Dreyfus Socially Responsible Growth Fund - Initial shares | | | | | | |
| Platinum Investor | 431,982 | 7.25 | 3,132,033 | 0.36% | 1.35% | 4.79% |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares | | | | | | |
| Platinum Investor | 354,417 | 13.09 | 4,638,295 | 0.18% | 1.35% | 9.85% |
| Platinum Investor Immediate VA | 19 | 10.91 | 210 | 0.38% | 0.55% | 9.09% |
| Dreyfus VIF Quality Bond Portfolio - Initial shares | | | | | | |
| Platinum Investor | 527,122 | 13.24 | 6,980,308 | 3.95% | 1.35% | 1.98% |
| Platinum Investor Immediate VA | 20 | 10.55 | 207 | 4.93% | 0.55% | 5.55% |
| Evergreen VA High Income Fund - Class 1 | | | | | | |
| Select Reserve | 815,171 | 6.95 | 5,665,554 | 5.48% | 0.40% | 8.25% |
| Evergreen VA Strategic Income Fund - Class 1 | | | | | | |
| Select Reserve | 4,473 | 7.77 | 34,740 | 8.87% | 0.40% | 7.98% |
| Fidelity VIP Asset Manager Portfolio - Initial Class | | | | | | |
| Variety Plus | 49,298 | 2.95 | 145,308 | 2.65% | 1.55% | 3.85% |
| Fidelity VIP Asset Manager Portfolio - Service Class 2 | | | | | | |
| Platinum Investor | 118,686 | 9.93 | 1,178,113 | 2.47% | 1.35% | 3.77% |
| Platinum Investor Immediate VA | 20 | 10.44 | 204 | 0.00% | 0.55% | 4.39% |
| Fidelity VIP Contrafund Portfolio - Service Class 2 | | | | | | |
| Platinum Investor | 355,870 | 10.60 | 3,773,254 | 0.20% | 1.35% | 13.62% |
| Platinum Investor Immediate VA | 19 | 11.08 | 214 | 0.00% | 0.55% | 10.77% |
| Fidelity VIP Equity-Income Portfolio - Service Class 2 | | | | | | |
| Platinum Investor | 378,077 | 10.87 | 4,109,039 | 1.43% | 1.35% | 9.74% |
| Platinum Investor Immediate VA | 19 | 10.87 | 211 | 0.00% | 0.55% | 8.73% |
| Fidelity VIP Growth Portfolio - Service Class 2 | | | | | | |
| Platinum Investor | 404,714 | 6.63 | 2,681,261 | 0.14% | 1.35% | 1.74% |
| Platinum Investor Immediate VA | 19 | 10.41 | 200 | 0.00% | 0.55% | 4.13% |

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

Note G - Financial Highlights - Continued

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

<TABLE>

<CAPTION>

| Divisions | Units | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|--|---------|------------|------------|-----------------------------|-------------------|------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2004 - Continued | | | | | | |
| Fidelity VIP Index 500 Portfolio - Initial Class Variety Plus | 27,885 | \$ 2.96 | \$ 82,545 | 1.27% | 1.55% | 8.91% |
| Fidelity VIP Mid Cap Portfolio - Service Class 2 Platinum Investor Immediate VA | 19 | 12.07 | 232 | 0.00% | 0.55% | 20.68% |
| Fidelity VIP Overseas Portfolio - Initial Class Variety Plus | 14,268 | 2.39 | 34,161 | 1.09% | 1.55% | 11.89% |
| Franklin Templeton - Franklin Small Cap Value Securities Fund - Class 2 Platinum Investor Immediate VA | 19 | 11.54 | 223 | 0.00% | 0.55% | 15.39% |
| Franklin Templeton - Franklin U.S. Government Fund - Class 2 Platinum Investor Immediate VA | 20 | 10.34 | 202 | 0.00% | 0.55% | 3.38% |
| Franklin Templeton - Mutual Shares Securities Fund - Class 2 Platinum Investor Immediate VA | 19 | 11.00 | 214 | 0.00% | 0.55% | 10.00% |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2 Platinum Investor | 178,423 | 10.79 | 1,924,576 | 1.05% | 1.35% | 16.94% |
| Franklin Templeton - Templeton Global Asset Allocation Fund - Class 2 Platinum Investor | 19 | 11.50 | 223 | 0.00% | 0.55% | 14.98% |
| Franklin Templeton - Templeton Global Asset Allocation Fund - Class 2 Platinum Investor | 159,471 | 13.05 | 2,081,861 | 2.68% | 1.35% | 14.17% |
| Goldman Sachs Capital Growth Fund Platinum Investor | 20,023 | 9.03 | 180,833 | 0.68% | 1.35% | 7.62% |
| Janus Aspen Series International Growth Portfolio - Service Shares Platinum Investor | 51,190 | 7.70 | 393,944 | 0.82% | 1.35% | 17.10% |
| Janus Aspen Series International Growth Portfolio - Service Shares Platinum Investor Immediate VA | 19 | 12.13 | 235 | 0.67% | 0.55% | 21.26% |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares Platinum Investor | 194,236 | 5.18 | 1,005,860 | 0.00% | 1.35% | 18.86% |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares Platinum Investor Immediate VA | 19 | 11.40 | 219 | 0.00% | 0.55% | 13.96% |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares Platinum Investor | 116,913 | 6.34 | 740,654 | 0.87% | 1.35% | 3.13% |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares Platinum Investor Immediate VA | 20 | 10.82 | 211 | 1.09% | 0.55% | 8.19% |
| JPMorgan Mid Cap Value Portfolio Platinum Investor Immediate VA | 19 | 11.34 | 220 | 0.00% | 0.55% | 13.41% |
| JPMorgan Small Company Portfolio Platinum Investor | 40,293 | 11.13 | 448,424 | 0.00% | 1.35% | 25.47% |
| JPMorgan Small Company Portfolio Platinum Investor Immediate VA | 19 | 11.94 | 228 | 0.00% | 0.55% | 19.39% |
| LEVCO Equity Value Fund Select Reserve | 9,836 | 6.67 | 65,653 | 1.84% | 0.40% | 13.31% |
| MFS VIT Capital Opportunities Series - Initial Class Platinum Investor | 269,897 | 6.51 | 1,756,685 | 0.35% | 1.35% | 10.96% |
| MFS VIT Capital Opportunities Series - Initial Class Platinum Investor Immediate VA | 19 | 11.03 | 214 | 0.00% | 0.55% | 10.33% |
| MFS VIT Emerging Growth Series - Initial Class Platinum Investor | 709,358 | 8.13 | 5,764,601 | 0.00% | 1.35% | 11.44% |
| MFS VIT Emerging Growth Series - Initial Class Platinum Investor Immediate VA | 19 | 10.96 | 212 | 0.00% | 0.55% | 9.58% |
| MFS VIT New Discovery Series - Initial Class Platinum Investor | 97,963 | 8.18 | 800,994 | 0.00% | 1.35% | 5.09% |
| MFS VIT New Discovery Series - Initial Class Platinum Investor Immediate VA | 19 | 10.81 | 207 | 0.00% | 0.55% | 8.12% |
| MFS VIT Research Series - Initial Class Platinum Investor | 133,379 | 7.31 | 975,133 | 1.05% | 1.35% | 14.30% |
| MFS VIT Research Series - Initial Class Platinum Investor Immediate VA | 19 | 11.21 | 217 | 0.00% | 0.55% | 12.06% |

</TABLE>

Note G - Financial Highlights - Continued

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

<TABLE>
 <CAPTION>

| Divisions | Units | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|--|---------|------------|------------|-----------------------------|-------------------|------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2004 - Continued | | | | | | |
| Navellier Growth Portfolio | | | | | | |
| Select Reserve | -- | \$ 6.27 | \$ -- | 0.00% | 0.40% | -8.77% |
| Neuberger Berman AMT Balanced Portfolio - Class I | | | | | | |
| Variety Plus | 4,606 | 2.34 | 10,790 | 1.20% | 1.55% | 7.63% |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I | | | | | | |
| Platinum Investor | 133,993 | 6.24 | 835,491 | 0.00% | 1.35% | 14.75% |
| Platinum Investor Immediate VA | 19 | 11.21 | 213 | 0.00% | 0.55% | 12.15% |
| Neuberger Berman AMT Partners Portfolio - Class I | | | | | | |
| Variety Plus | 1,143 | 2.56 | 2,930 | 0.01% | 1.55% | 17.15% |
| Oppenheimer Balanced Fund/VA - Non-Service Shares | | | | | | |
| Platinum Investor Immediate VA | 20 | 10.93 | 213 | 0.00% | 0.55% | 9.27% |
| Oppenheimer Global Securities Fund/VA - Non-Service Shares | | | | | | |
| Platinum Investor Immediate VA | 19 | 11.73 | 226 | 0.00% | 0.55% | 17.28% |
| PIMCO VIT Real Return Portfolio - Administrative Class | | | | | | |
| Platinum Investor | 313,664 | 14.88 | 4,666,568 | 0.97% | 1.35% | 7.46% |
| Platinum Investor Immediate VA | 20 | 10.67 | 210 | 1.37% | 0.55% | 6.75% |
| PIMCO VIT Short-Term Portfolio - Administrative Class | | | | | | |
| Platinum Investor | 117,669 | 10.81 | 1,271,751 | 1.24% | 1.35% | -0.06% |
| Platinum Investor Immediate VA | 20 | 10.08 | 197 | 1.67% | 0.55% | 0.76% |
| PIMCO VIT Total Return Portfolio - Administrative Class | | | | | | |
| Platinum Investor | 334,567 | 12.70 | 4,249,720 | 1.85% | 1.35% | 3.49% |
| Platinum Investor Immediate VA | 20 | 10.47 | 205 | 1.92% | 0.55% | 4.68% |
| Pioneer Fund VCT Portfolio - Class I | | | | | | |
| Platinum Investor | 208,364 | 10.22 | 2,128,595 | 0.00% | 1.35% | 2.16% |
| Pioneer Growth Opportunities VCT Portfolio - Class I | | | | | | |
| Platinum Investor | 314,562 | 10.28 | 3,232,917 | 0.00% | 1.35% | 2.78% |
| Putnam VT Diversified Income Fund - Class IB | | | | | | |
| Platinum Investor Immediate VA | 20 | 10.80 | 211 | 0.00% | 0.55% | 8.00% |
| Putnam VT Growth and Income Fund - Class IB | | | | | | |
| Platinum Investor | 281,598 | 10.26 | 2,888,580 | 1.53% | 1.35% | 9.62% |
| Platinum Investor Immediate VA | 19 | 10.78 | 210 | 0.00% | 0.55% | 7.76% |
| Putnam VT International Growth and Income Fund - Class IB | | | | | | |
| Platinum Investor | 63,549 | 11.21 | 712,657 | 1.10% | 1.35% | 19.36% |
| Platinum Investor Immediate VA | 19 | 11.58 | 225 | 0.00% | 0.55% | 15.78% |
| Royce Small-Cap Portfolio | | | | | | |
| Select Reserve | 84,549 | 12.43 | 1,050,523 | 0.00% | 0.40% | 24.45% |
| Safeco RST Core Equity Portfolio | | | | | | |
| Platinum Investor | -- | 7.33 | -- | 1.96% | 1.35% | 4.00% |
| Safeco RST Growth Opportunities Portfolio | | | | | | |
| Platinum Investor | -- | 12.85 | -- | 0.00% | 1.35% | 17.43% |
| SunAmerica - Aggressive Growth Portfolio - Class 1 | | | | | | |
| Platinum Investor Immediate VA | 19 | 11.36 | 216 | 0.00% | 0.55% | 13.64% |
| SunAmerica - SunAmerica Balanced Portfolio - Class 1 | | | | | | |
| Platinum Investor Immediate VA | 20 | 10.63 | 207 | 2.93% | 0.55% | 6.29% |
| UIF Core Plus Fixed Income Portfolio - Class I | | | | | | |
| GENERATIONS | 469,484 | 7.41 | 3,478,305 | 3.63% | 1.40% | 2.92% |

</TABLE>

Note G - Financial Highlights - Continued

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

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

<TABLE>
<CAPTION>

| Divisions | Units | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|---|-----------|------------|--------------|-----------------------------|-------------------|------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2004 - Continued | | | | | | |
| UIF Emerging Markets Equity Portfolio - Class I GENERATIONS | 367,533 | \$ 5.90 | \$ 2,167,044 | 0.65% | 1.40% | 21.40% |
| UIF Equity Growth Portfolio - Class I GENERATIONS | 1,301,230 | 6.85 | 8,912,553 | 0.17% | 1.40% | 6.27% |
| Platinum Investor | 251,382 | 8.86 | 2,226,436 | 0.17% | 1.35% | 6.33% |
| Platinum Investor Immediate VA | 19 | 10.64 | 206 | 0.32% | 0.55% | 6.43% |
| UIF Global Value Equity Portfolio - Class I GENERATIONS | 771,775 | 7.98 | 6,156,289 | 0.74% | 1.40% | 11.96% |
| UIF High Yield Portfolio - Class I GENERATIONS | 707,187 | 6.18 | 4,372,988 | 6.13% | 1.40% | 7.96% |
| Platinum Investor | 140,367 | 10.53 | 1,478,195 | 6.17% | 1.35% | 8.02% |
| Platinum Investor Immediate VA | 20 | 10.86 | 212 | 11.53% | 0.55% | 8.61% |
| UIF International Magnum Portfolio - Class I GENERATIONS | 685,072 | 5.78 | 3,962,697 | 2.79% | 1.40% | 15.76% |
| UIF U.S. Mid Cap Value Portfolio - Class I GENERATIONS | 1,323,508 | 10.41 | 13,774,539 | 0.02% | 1.40% | 13.00% |
| UIF U.S. Real Estate Portfolio - Class I GENERATIONS | 271,296 | 18.10 | 4,909,743 | 1.60% | 1.40% | 34.50% |
| UIF Value Portfolio - Class I GENERATIONS | 1,476,511 | 7.94 | 11,730,389 | 0.97% | 1.40% | 16.20% |
| VALIC Company I - Blue Chip Growth Fund Select Reserve | 8,660 | 10.65 | 92,226 | 0.68% | 0.40% | 6.50% |
| VALIC Company I - Health Sciences Fund Select Reserve | 6,632 | 10.76 | 71,393 | 0.00% | 0.40% | 7.65% |
| VALIC Company I - Income & Growth Fund Select Reserve | 4,702 | 11.01 | 51,761 | 2.00% | 0.40% | 10.07% |
| VALIC Company I - International Equities Fund Platinum Investor | 90,929 | 9.00 | 818,047 | 1.35% | 1.35% | 16.28% |
| Platinum Investor Immediate VA | 20 | 11.38 | 222 | 0.93% | 0.55% | 13.75% |
| Select Reserve | 19,493 | 9.67 | 188,463 | 1.25% | 0.40% | 17.39% |
| VAriety Plus | 16,693 | 1.30 | 21,708 | 1.41% | 1.55% | 16.04% |
| VALIC Company I - Mid Cap Index Fund Platinum Investor | 400,742 | 15.86 | 6,353,763 | 0.81% | 1.35% | 14.49% |
| Platinum Investor Immediate VA | 19 | 11.20 | 216 | 0.68% | 0.55% | 12.03% |
| Select Reserve | 18,116 | 13.71 | 248,297 | 0.89% | 0.40% | 15.58% |
| VALIC Company I - Money Market I Fund Platinum Investor | 265,990 | 10.75 | 2,858,757 | 0.79% | 1.35% | -0.55% |
| Platinum Investor Immediate VA | -- | 10.03 | -- | 0.00% | 0.55% | 0.32% |
| Select Reserve | 996,460 | 5.86 | 5,843,492 | 0.84% | 0.40% | 0.40% |
| VALIC Company I - Nasdaq-100 Index Fund Platinum Investor | 177,381 | 4.73 | 838,724 | 0.49% | 1.35% | 8.58% |
| Platinum Investor Immediate VA | 19 | 11.11 | 211 | 1.06% | 0.55% | 11.13% |
| VALIC Company I - Science & Technology Fund Platinum Investor | 140,172 | 3.85 | 539,876 | 0.00% | 1.35% | -0.56% |
| Platinum Investor Immediate VA | 19 | 10.50 | 199 | 0.00% | 0.55% | 5.00% |

</TABLE>

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

Note G - Financial Highlights - Continued

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

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<CAPTION>

| Divisions | Units | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|--|--------|------------|--------------|-----------------------------|-------------------|------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2004 - Continued | | | | | | |
| VALIC Company I - Small Cap Index Fund Platinum Investor | 81,803 | \$12.91 | \$ 1,056,149 | 0.81% | 1.35% | 16.31% |
| Platinum Investor Immediate VA | 19 | 11.48 | 217 | 0.67% | 0.55% | 14.80% |
| VALIC Company I - Social Awareness Fund | | | | | | |

| | | | | | | |
|--|-----------|-------|------------|-------|-------|--------|
| Variety Plus | 839 | 3.35 | 2,810 | 1.20% | 1.55% | 8.89% |
| VALIC Company I - Stock Index Fund | | | | | | |
| Platinum Investor | 908,753 | 8.93 | 8,119,171 | 1.54% | 1.35% | 9.03% |
| Platinum Investor Immediate VA | 19 | 10.78 | 210 | 1.75% | 0.55% | 7.80% |
| Select Reserve | 59,044 | 9.54 | 563,097 | 1.58% | 0.40% | 10.07% |
| Variety Plus | 55,810 | 4.30 | 239,944 | 1.54% | 1.55% | 8.81% |
| Van Kampen Comstock Fund | | | | | | |
| Other Contracts | 217,619 | 29.63 | 6,447,271 | 1.23% | 0.75% | 16.69% |
| Van Kampen Corporate Bond Fund | | | | | | |
| Other Contracts | 45,928 | 6.76 | 310,362 | 5.01% | 0.75% | 4.25% |
| Van Kampen High Yield Fund** | | | | | | |
| Other Contracts | 1,146,821 | 5.63 | 6,456,460 | 6.92% | 0.75% | 9.68% |
| Van Kampen LIT Emerging Growth Portfolio - Class I GENERATIONS | 1,502,640 | 11.47 | 17,232,754 | 0.00% | 1.40% | 5.55% |
| Van Kampen LIT Enterprise Portfolio - Class I GENERATIONS | 881,049 | 15.46 | 13,623,368 | 0.39% | 1.40% | 2.61% |
| Other Contracts (Deferred Load, Non-Qualified) | 843,655 | 5.94 | 5,015,022 | 0.38% | 1.25% | 2.76% |
| Other Contracts (Deferred Load, Qualified) | 1,236 | 5.91 | 7,303 | 0.38% | 1.25% | 2.76% |
| Other Contracts (Non-Qualified) | 94,096 | 6.62 | 623,079 | 0.38% | 0.75% | 3.27% |
| Variety Plus | 212,061 | 3.01 | 637,357 | 0.42% | 1.55% | 2.45% |
| Van Kampen LIT Government Portfolio - Class I GENERATIONS | 591,196 | 12.49 | 7,385,577 | 4.84% | 1.40% | 2.72% |
| Other Contracts (Deferred Load, Non-Qualified) | 360,521 | 4.32 | 1,558,305 | 4.90% | 1.25% | 2.87% |
| Other Contracts (Deferred Load, Qualified) | 8,478 | 4.57 | 38,707 | 4.90% | 1.25% | 2.87% |
| Other Contracts (Non-Qualified) | 99,245 | 4.93 | 488,816 | 4.90% | 0.75% | 3.39% |
| Variety Plus | 103,191 | 2.46 | 253,537 | 4.68% | 1.55% | 2.57% |
| Van Kampen LIT Growth and Income Portfolio - Class I GENERATIONS | 4,884,521 | 10.16 | 49,614,205 | 0.99% | 1.40% | 12.79% |
| Platinum Investor | 177,140 | 11.74 | 2,080,463 | 0.93% | 1.35% | 12.84% |
| Platinum Investor Immediate VA | 19 | 11.14 | 217 | 0.00% | 0.55% | 11.41% |
| Van Kampen LIT Money Market Portfolio - Class I GENERATIONS | 269,953 | 9.00 | 2,429,021 | 0.77% | 1.40% | -0.60% |
| Other Contracts (Deferred Load, Non-Qualified) | 496,150 | 2.59 | 1,283,536 | 0.82% | 1.25% | -0.45% |
| Other Contracts (Deferred Load, Qualified) | 1,539 | 2.59 | 3,982 | 0.82% | 1.25% | -0.45% |
| Other Contracts (Non-Qualified) | 183,863 | 2.89 | 531,018 | 0.82% | 0.75% | 0.05% |
| Variety Plus | -- | 1.76 | -- | 0.12% | 1.55% | -0.75% |
| Van Kampen Reserve Fund | | | | | | |
| Other Contracts | 69,062 | 4.15 | 286,496 | 0.19% | 0.75% | -0.29% |
| Vanguard VIF High Yield Bond Portfolio | | | | | | |
| Platinum Investor Immediate VA | 20 | 10.80 | 211 | 0.00% | 0.55% | 8.02% |
| Vanguard VIF REIT Index Portfolio | | | | | | |
| Platinum Investor Immediate VA | 20 | 12.46 | 246 | 0.00% | 0.55% | 24.56% |

</TABLE>

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

Note G - Financial Highlights - Continued

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

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|---------------------------------------|------------|------------|--------------|-----------------------------|-------------------|------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2004 - Continued | | | | | | |
| WM VT Balanced Portfolio | | | | | | |
| WM Advantage | 15,324,809 | \$ 1.34 | \$20,541,849 | 1.81% | 1.40% | 8.59% |
| WM Strategic Asset Manager | 28,412,338 | 8.74 | 248,381,621 | 1.83% | 1.40% | 8.59% |
| WM VT Conservative Balanced Portfolio | | | | | | |
| WM Advantage | 322,683 | 1.25 | 402,275 | 2.05% | 1.40% | 6.70% |
| WM Strategic Asset Manager | 2,164,179 | 6.50 | 14,069,712 | 1.99% | 1.40% | 6.70% |
| WM VT Conservative Growth Portfolio | | | | | | |
| WM Advantage | 18,656,187 | 1.29 | 24,131,927 | 1.38% | 1.40% | 10.22% |
| WM Strategic Asset Manager | 18,998,377 | 9.01 | 171,221,900 | 1.35% | 1.40% | 10.22% |
| WM VT Equity Income Fund | | | | | | |
| WM Advantage | 836,126 | 1.63 | 1,366,522 | 1.76% | 1.40% | 17.46% |
| WM Strategic Asset Manager | 2,719,921 | 8.25 | 22,429,587 | 1.68% | 1.40% | 17.47% |
| WM VT Flexible Income Portfolio | | | | | | |
| WM Advantage | 1,334,703 | 1.29 | 1,717,979 | 3.42% | 1.40% | 4.99% |
| WM Strategic Asset Manager | 6,865,841 | 7.66 | 52,568,380 | 3.30% | 1.40% | 4.99% |

| | | | | | | | |
|---------------------------------------|-----------|------|------------|-------|-------|--------|--|
| WM VT Growth & Income Fund | | | | | | | |
| WM Advantage | 5,616,835 | 2.63 | 14,778,005 | 1.04% | 1.40% | 7.57% | |
| WM Strategic Asset Manager | 5,015,663 | 6.16 | 30,907,631 | 1.03% | 1.40% | 7.57% | |
| WM VT Growth Fund | | | | | | | |
| WM Advantage | 7,248,233 | 2.88 | 20,870,839 | 0.00% | 1.40% | 6.72% | |
| WM Strategic Asset Manager | 4,064,538 | 6.30 | 25,592,873 | 0.00% | 1.40% | 6.72% | |
| WM VT Income Fund | | | | | | | |
| WM Advantage | 5,976,351 | 1.83 | 10,919,109 | 5.95% | 1.40% | 4.09% | |
| WM Strategic Asset Manager | 1,634,050 | 7.00 | 11,434,686 | 5.85% | 1.40% | 4.09% | |
| WM VT International Growth Fund | | | | | | | |
| WM Advantage | 3,777,836 | 1.51 | 5,687,400 | 1.16% | 1.40% | 12.03% | |
| WM Strategic Asset Manager | 524,395 | 5.39 | 2,824,820 | 1.11% | 1.40% | 12.03% | |
| WM VT Mid Cap Stock Fund | | | | | | | |
| WM Advantage | 535,027 | 1.62 | 864,678 | 0.31% | 1.40% | 13.00% | |
| WM Strategic Asset Manager | 765,173 | 8.08 | 6,183,116 | 0.32% | 1.40% | 13.00% | |
| WM VT Money Market Fund | | | | | | | |
| WM Advantage | 1,886,781 | 1.28 | 2,422,674 | 0.80% | 1.40% | -0.55% | |
| WM Strategic Asset Manager | 1,419,380 | 5.72 | 8,116,323 | 0.79% | 1.40% | -0.55% | |
| WM VT Short Term Income Fund | | | | | | | |
| WM Advantage | 3,525,591 | 1.46 | 5,156,343 | 3.82% | 1.40% | 0.65% | |
| WM Strategic Asset Manager | 582,836 | 6.49 | 3,783,522 | 3.90% | 1.40% | 0.65% | |
| WM VT Small Cap Growth Fund | | | | | | | |
| WM Advantage | 3,886,602 | 1.99 | 7,742,076 | 0.00% | 1.40% | 3.22% | |
| WM Strategic Asset Manager | 776,893 | 6.12 | 4,756,101 | 0.00% | 1.40% | 3.22% | |
| WM VT Strategic Growth Portfolio | | | | | | | |
| WM Advantage | 1,045,397 | 1.20 | 1,254,281 | 0.71% | 1.40% | 11.26% | |
| WM Strategic Asset Manager | 6,436,098 | 9.68 | 62,275,834 | 0.64% | 1.40% | 11.26% | |
| WM VT U.S. Government Securities Fund | | | | | | | |
| WM Advantage | 5,151,256 | 1.61 | 8,311,717 | 3.87% | 1.40% | 2.34% | |
| WM Strategic Asset Manager | 2,401,347 | 6.49 | 15,583,604 | 3.64% | 1.40% | 2.34% | |

</TABLE>

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

Note G - Financial Highlights - Continued

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

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|--|-----------|------------|--------------|-----------------------------|-------------------|------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2004 - Continued | | | | | | |
| WM VT West Coast Equity Fund | | | | | | |
| WM Advantage | 883,329 | \$ 1.54 | \$ 1,361,934 | 0.23% | 1.40% | 11.46% |
| WM Strategic Asset Manager | 2,329,097 | 9.97 | 23,224,880 | 0.25% | 1.40% | 11.46% |
| 2003 | | | | | | |
| AIM V.I. International Growth Fund - Series I | | | | | | |
| Platinum Investor | 293,433 | 8.58 | 2,516,223 | 0.51% | 1.35% | 27.33% |
| AIM V.I. Premier Equity Fund - Series I | | | | | | |
| Platinum Investor | 1,229,852 | 7.16 | 8,811,182 | 0.29% | 1.35% | 23.40% |
| American Century VP Value Fund - Class I | | | | | | |
| Platinum Investor | 201,505 | 13.15 | 2,649,270 | 0.99% | 1.35% | 27.23% |
| Ayco Growth Fund | | | | | | |
| Platinum Investor | -- | 8.21 | -- | 0.70% | 1.35% | 25.57% |
| Credit Suisse Small Cap Growth Portfolio | | | | | | |
| Platinum Investor | 94,929 | 7.29 | 692,297 | 0.00% | 1.35% | 46.56% |
| Dreyfus IP MidCap Stock Portfolio - Initial shares | | | | | | |
| Platinum Investor | 106,504 | 10.50 | 1,118,114 | 0.29% | 1.35% | 29.96% |
| Dreyfus Socially Responsible Growth Fund - Initial shares | | | | | | |
| Platinum Investor | 508,110 | 6.92 | 3,515,708 | 0.11% | 1.35% | 24.32% |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares | | | | | | |
| Platinum Investor | 418,740 | 11.91 | 4,988,809 | 0.03% | 1.35% | 29.93% |
| Dreyfus VIF Quality Bond Portfolio - Initial shares | | | | | | |
| Platinum Investor | 603,452 | 12.98 | 7,835,773 | 4.14%+ | 1.35% | 3.54% |
| Evergreen Offit VA Emerging Markets Bond Fund - Class 1 | | | | | | |
| Select Reserve | -- | 7.32 | -- | 1.72% | 0.40% | 11.92% |
| Evergreen Offit VA U.S. Government Securities Fund - Class 1 | | | | | | |
| Select Reserve | -- | 6.55 | -- | 0.00% | 0.40% | -0.22% |
| Evergreen VA High Income Fund - Class 1 | | | | | | |
| Select Reserve | 810,256 | 6.42 | 5,201,999 | 8.99% | 0.40% | 17.79% |
| Evergreen VA Strategic Income Fund - Class 1 | | | | | | |

| | | | | | | |
|--|---------|------|-----------|-------|-------|--------|
| Select Reserve | -- | 7.19 | -- | 0.76% | 0.40% | 16.29% |
| Fidelity VIP Asset Manager Portfolio - Initial Class Variety Plus | 49,354 | 2.84 | 140,085 | 3.51% | 1.55% | 16.16% |
| Fidelity VIP Asset Manager Portfolio - Service Class 2 Platinum Investor | 115,115 | 9.57 | 1,101,182 | 3.34% | 1.35% | 16.09% |
| Fidelity VIP Contrafund Portfolio - Service Class 2 Platinum Investor | 341,168 | 9.33 | 3,183,882 | 0.27% | 1.35% | 26.48% |
| Fidelity VIP Equity-Income Portfolio - Service Class 2 Platinum Investor | 413,510 | 9.90 | 4,095,177 | 1.53% | 1.35% | 28.29% |
| Fidelity VIP Growth Portfolio - Service Class 2 Platinum Investor | 459,734 | 6.51 | 2,993,689 | 0.11% | 1.35% | 30.77% |
| Fidelity VIP Index 500 Portfolio - Initial Class Variety Plus | 28,566 | 2.72 | 77,640 | 1.45% | 1.55% | 26.44% |
| Fidelity VIP Overseas Portfolio - Initial Class Variety Plus | 14,344 | 2.14 | 30,693 | 0.41% | 1.55% | 41.17% |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2 Platinum Investor | 184,604 | 9.22 | 1,702,799 | 1.57% | 1.35% | 30.44% |

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

Note G - Financial Highlights - Continued

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| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2003 - Continued | | | | | | |
| Franklin Templeton - Templeton Global Asset Allocation Fund - Class 2 Platinum Investor | 167,452 | \$11.43 | \$1,914,777 | 2.44% | 1.35% | 30.19% |
| Goldman Sachs Capital Growth Fund Platinum Investor | 21,804 | 8.39 | 182,963 | 0.00% | 1.35% | 2.19% |
| Janus Aspen Series International Growth Portfolio - Service Shares Platinum Investor | 48,214 | 6.57 | 316,869 | 0.89% | 1.35% | 32.73% |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares Platinum Investor | 203,381 | 4.36 | 886,100 | 0.00% | 1.35% | 32.96% |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares Platinum Investor | 130,758 | 6.14 | 803,247 | 0.79% | 1.35% | 22.02% |
| JPMorgan Small Company Portfolio Platinum Investor | 32,902 | 8.87 | 291,844 | 0.00% | 1.35% | 34.16% |
| LEVCO Equity Value Fund Select Reserve | 5,900 | 5.89 | 34,752 | 1.43% | 0.40% | 28.06% |
| MFS VIT Capital Opportunities Series - Initial Class Platinum Investor | 302,481 | 5.87 | 1,774,368 | 0.23% | 1.35% | 25.68% |
| MFS VIT Emerging Growth Series - Initial Class Platinum Investor | 826,345 | 7.29 | 6,025,670 | 0.00% | 1.35% | 28.48% |
| MFS VIT New Discovery Series - Initial Class Platinum Investor | 105,756 | 7.78 | 822,829 | 0.00% | 1.35% | 31.93% |
| MFS VIT Research Series - Initial Class Platinum Investor | 147,768 | 6.40 | 945,198 | 0.67% | 1.35% | 23.03% |
| Navellier Growth Portfolio Select Reserve | 370,869 | 6.87 | 2,548,182 | 0.00% | 0.40% | 39.87% |
| Neuberger Berman AMT Balanced Portfolio - Class I Variety Plus | 4,612 | 2.18 | 10,037 | 1.71% | 1.55% | 14.49% |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I Platinum Investor | 137,543 | 5.43 | 747,393 | 0.00% | 1.35% | 26.36% |
| Neuberger Berman AMT Partners Portfolio - Class I Variety Plus | 1,148 | 2.19 | 2,510 | 0.00% | 1.55% | 33.01% |
| PIMCO VIT Real Return Portfolio - Administrative Class Platinum Investor | 350,636 | 13.84 | 4,854,532 | 2.87%+ | 1.35% | 7.39% |
| PIMCO VIT Short-Term Portfolio - Administrative Class Platinum Investor | 126,039 | 10.81 | 1,362,987 | 1.85% | 1.35% | 0.68% |
| PIMCO VIT Total Return Portfolio - Administrative Class Platinum Investor | 384,860 | 12.27 | 4,723,910 | 2.94%+ | 1.35% | 3.64% |
| Putnam VT Growth and Income Fund - Class IB Platinum Investor | 293,049 | 9.36 | 2,742,198 | 1.71% | 1.35% | 25.67% |

| | | | | | | |
|---|---------|-------|-----------|--------|-------|--------|
| Putnam VT International Growth and Income Fund - Class IB Platinum Investor | 57,272 | 9.40 | 538,099 | 1.36% | 1.35% | 36.00% |
| Royce Small-Cap Portfolio Select Reserve | 68,289 | 9.98 | 681,782 | 0.00%+ | 0.40% | 40.54% |
| Safeco RST Core Equity Portfolio Platinum Investor | 332,009 | 7.04 | 2,338,987 | 0.92% | 1.35% | 23.11% |
| Safeco RST Growth Opportunities Portfolio Platinum Investor | 299,532 | 10.94 | 3,277,101 | 0.00% | 1.35% | 41.03% |

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

Note G - Financial Highlights - Continued

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| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2003 - Continued | | | | | | |
| UIF Core Plus Fixed Income Portfolio - Class I GENERATIONS | 536,338 | \$ 7.20 | \$ 3,860,994 | 0.06%+ | 1.40% | 3.18% |
| UIF Emerging Markets Equity Portfolio - Class I GENERATIONS | 385,258 | 4.86 | 1,871,082 | 0.00% | 1.40% | 47.59% |
| UIF Equity Growth Portfolio - Class I GENERATIONS | 1,463,185 | 6.44 | 9,430,151 | 0.00% | 1.40% | 23.19% |
| Platinum Investor | 292,925 | 8.33 | 2,439,986 | 0.00% | 1.35% | 23.25% |
| UIF Global Value Equity Portfolio - Class I GENERATIONS | 893,325 | 7.12 | 6,364,535 | 0.00% | 1.40% | 27.17% |
| UIF High Yield Portfolio - Class I GENERATIONS | 904,682 | 5.73 | 5,181,607 | 0.00% | 1.40% | 23.96% |
| Platinum Investor | 158,738 | 9.75 | 1,547,581 | 0.00% | 1.35% | 24.02% |
| UIF International Magnum Portfolio - Class I GENERATIONS | 793,981 | 5.00 | 3,967,517 | 0.12% | 1.40% | 25.65% |
| UIF U.S. Mid Cap Value Portfolio - Class I GENERATIONS | 1,472,472 | 9.21 | 13,561,919 | 0.00% | 1.40% | 39.54% |
| UIF U.S. Real Estate Portfolio - Class I GENERATIONS | 299,069 | 13.46 | 4,024,076 | 0.00% | 1.40% | 35.60% |
| UIF Value Portfolio - Class I GENERATIONS | 1,678,272 | 6.84 | 11,474,771 | 0.00% | 1.40% | 32.22% |
| VALIC Company I - International Equities Fund Platinum Investor | 99,838 | 7.74 | 772,461 | 1.34% | 1.35% | 27.90% |
| Select Reserve | 11,632 | 8.24 | 95,807 | 1.43% | 0.40% | 29.12% |
| Variety Plus | 16,741 | 1.12 | 18,760 | 1.16% | 1.55% | 27.64% |
| VALIC Company I - Mid Cap Index Fund Platinum Investor | 458,811 | 13.85 | 6,353,666 | 0.63% | 1.35% | 33.31% |
| Select Reserve | 11,491 | 11.86 | 136,263 | 0.66% | 0.40% | 34.58% |
| VALIC Company I - Money Market I Fund Platinum Investor | 376,870 | 10.81 | 4,072,734 | 0.74% | 1.35% | -0.75% |
| Select Reserve | 914,065 | 5.84 | 5,338,823 | 0.47% | 0.40% | 0.20% |
| VALIC Company I - Nasdaq-100 Index Fund Platinum Investor | 226,388 | 4.35 | 985,902 | 0.00% | 1.35% | 47.28% |
| VALIC Company I - Science & Technology Fund Platinum Investor | 139,670 | 3.87 | 540,958 | 0.00% | 1.35% | 49.44% |
| VALIC Company I - Small Cap Index Fund Platinum Investor | 68,778 | 11.10 | 763,468 | 0.47% | 1.35% | 44.50% |
| VALIC Company I - Social Awareness Fund Variety Plus | 840 | 3.08 | 2,584 | 1.01% | 1.55% | 26.47% |
| VALIC Company I - Stock Index Fund Platinum Investor | 1,027,146 | 8.19 | 8,417,062 | 1.28%+ | 1.35% | 26.48% |
| Select Reserve | 50,198 | 8.66 | 434,945 | 1.31%+ | 0.40% | 27.69% |
| Variety Plus | 55,887 | 3.95 | 220,820 | 1.35%+ | 1.55% | 26.23% |
| Van Kampen Comstock Fund Other Contracts | 253,064 | 25.39 | 6,424,931 | 1.29% | 0.75% | 30.00% |
| Van Kampen Corporate Bond Fund Other Contracts | 45,928 | 6.48 | 297,700 | 6.20% | 0.75% | 8.99% |

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Note G - Financial Highlights - Continued

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

<TABLE>

<CAPTION>

| Divisions | Units | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|--|------------|------------|--------------|-----------------------------|-------------------|------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2003 - Continued | | | | | | |
| Van Kampen High Yield Fund | | | | | | |
| Other Contracts | 1,296,007 | \$ 5.13 | \$ 6,652,625 | 8.13% | 0.75% | 23.32% |
| Van Kampen LIT Emerging Growth Portfolio - Class I GENERATIONS | 1,814,522 | 10.87 | 19,715,980 | 0.00% | 1.40% | 25.58% |
| Van Kampen LIT Enterprise Portfolio - Class I GENERATIONS | 1,046,594 | 15.07 | 15,772,209 | 0.50% | 1.40% | 24.13% |
| Other Contracts (Deferred Load, Non-Qualified) | 1,002,058 | 5.78 | 5,796,677 | 0.49% | 1.25% | 24.32% |
| Other Contracts (Deferred Load, Qualified) | 1,236 | 5.75 | 7,107 | 0.49% | 1.25% | 24.32% |
| Other Contracts (Non-Qualified) | 107,178 | 6.41 | 687,199 | 0.49% | 0.75% | 24.94% |
| VARIETY Plus | 278,975 | 2.93 | 818,406 | 0.49% | 1.55% | 23.94% |
| Van Kampen LIT Government Portfolio - Class I GENERATIONS | 721,109 | 12.16 | 8,769,945 | 4.96% | 1.40% | 0.33% |
| Other Contracts (Deferred Load, Non-Qualified) | 383,252 | 4.20 | 1,610,266 | 4.26% | 1.25% | 0.48% |
| Other Contracts (Deferred Load, Qualified) | 9,266 | 4.44 | 41,122 | 4.26% | 1.25% | 0.48% |
| Van Kampen LIT Government Portfolio - Class I - Continued | | | | | | |
| Other Contracts (Non-Qualified) | 108,711 | 4.76 | 517,881 | 4.26% | 0.75% | 0.99% |
| VARIETY Plus | 117,232 | 2.40 | 280,829 | 4.62% | 1.55% | 0.18% |
| Van Kampen LIT Growth and Income Portfolio - Class I GENERATIONS | 5,543,855 | 9.01 | 49,926,471 | 0.94% | 1.40% | 26.25% |
| Platinum Investor | 195,894 | 10.41 | 2,038,840 | 0.86% | 1.35% | 26.31% |
| Van Kampen LIT Money Market Portfolio - Class I GENERATIONS | 384,096 | 9.05 | 3,476,975 | 0.56% | 1.40% | -0.83% |
| Other Contracts (Deferred Load, Non-Qualified) | 505,273 | 2.60 | 1,313,075 | 0.58% | 1.25% | -0.68% |
| Other Contracts (Deferred Load, Qualified) | 1,619 | 2.60 | 4,209 | 0.58% | 1.25% | -0.68% |
| Other Contracts (Non-Qualified) | 242,989 | 2.89 | 701,453 | 0.58% | 0.75% | -0.18% |
| VARIETY Plus | 32,161 | 1.77 | 56,906 | 1.05% | 1.55% | -0.98% |
| Van Kampen Reserve Fund | | | | | | |
| Other Contracts | 296,975 | 4.16 | 1,235,600 | 0.32% | 0.75% | -0.23% |
| WM VT Balanced Portfolio | | | | | | |
| WM Advantage | 17,832,679 | 1.23 | 22,012,676 | 2.30% | 1.40% | 21.04% |
| WM Strategic Asset Manager | 31,038,324 | 8.05 | 249,875,607 | 2.33% | 1.40% | 21.04% |
| WM VT Conservative Balanced Portfolio | | | | | | |
| WM Advantage | 313,708 | 1.17 | 366,513 | 2.05% | 1.40% | 15.46% |
| WM Strategic Asset Manager | 2,035,585 | 6.09 | 12,402,291 | 1.94% | 1.40% | 15.46% |
| WM VT Conservative Growth Portfolio | | | | | | |
| WM Advantage | 21,077,612 | 1.17 | 24,735,337 | 2.06% | 1.40% | 26.95% |
| WM Strategic Asset Manager | 21,673,180 | 8.18 | 177,210,651 | 2.05% | 1.40% | 26.95% |
| WM VT Equity Income Fund | | | | | | |
| WM Advantage | 787,816 | 1.39 | 1,096,129 | 2.23% + | 1.40% | 28.29% |
| WM Strategic Asset Manager | 2,828,241 | 7.02 | 19,855,115 | 2.50% + | 1.40% | 28.29% |
| WM VT Flexible Income Portfolio | | | | | | |
| WM Advantage | 1,512,515 | 1.23 | 1,854,403 | 2.56% | 1.40% | 11.72% |
| WM Strategic Asset Manager | 7,868,316 | 7.29 | 57,382,845 | 2.61% | 1.40% | 11.72% |
| WM VT Growth & Income Fund | | | | | | |
| WM Advantage | 6,770,216 | 2.45 | 16,559,568 | 1.17% | 1.40% | 25.04% |
| WM Strategic Asset Manager | 5,917,061 | 5.73 | 33,897,273 | 1.18% | 1.40% | 25.04% |

</TABLE>

Note G - Financial Highlights - Continued

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

<TABLE>

<CAPTION>

| Divisions | Units | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|---------------------------------------|-----------|------------|--------------|-----------------------------|-------------------|------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2003 - Continued | | | | | | |
| WM VT Growth Fund | | | | | | |
| WM Advantage | 8,578,342 | \$ 2.70 | \$23,145,774 | 0.00% | 1.40% | 27.39% |
| WM Strategic Asset Manager | 4,884,654 | 5.90 | 28,820,484 | 0.00% | 1.40% | 27.39% |
| WM VT Income Fund | | | | | | |
| WM Advantage | 7,130,102 | 1.76 | 12,514,840 | 5.64% | 1.40% | 8.25% |
| WM Strategic Asset Manager | 2,087,184 | 6.72 | 14,031,340 | 6.39% | 1.40% | 8.25% |
| WM VT International Growth Fund | | | | | | |
| WM Advantage | 4,415,516 | 1.34 | 5,933,738 | 1.24% | 1.40% | 33.62% |
| WM Strategic Asset Manager | 560,816 | 4.81 | 2,696,670 | 1.23% | 1.40% | 33.63% |
| WM VT Mid Cap Stock Fund | | | | | | |
| WM Advantage | 527,015 | 1.43 | 753,763 | 0.28% | 1.40% | 25.96% |
| WM Strategic Asset Manager | 803,239 | 7.15 | 5,744,132 | 0.30% | 1.40% | 25.96% |
| WM VT Money Market Fund | | | | | | |
| WM Advantage | 2,462,104 | 1.29 | 3,178,772 | 0.60% | 1.40% | -0.75% |
| WM Strategic Asset Manager | 2,191,061 | 5.75 | 12,597,839 | 0.65% | 1.40% | -0.75% |
| WM VT Short Term Income Fund | | | | | | |
| WM Advantage | 4,359,683 | 1.45 | 6,335,046 | 6.01% | 1.40% | 4.05% |
| WM Strategic Asset Manager | 683,337 | 6.45 | 4,407,258 | 6.81% | 1.40% | 4.05% |
| WM VT Small Cap Growth Fund | | | | | | |
| WM Advantage | 4,549,487 | 1.93 | 8,779,831 | 0.00% | 1.40% | 69.03% |
| WM Strategic Asset Manager | 927,137 | 5.93 | 5,498,813 | 0.00% | 1.40% | 69.03% |
| WM VT Strategic Growth Portfolio | | | | | | |
| WM Advantage | 1,365,432 | 1.08 | 1,472,464 | 1.19% | 1.40% | 31.22% |
| WM Strategic Asset Manager | 7,264,859 | 8.70 | 63,180,826 | 1.39% | 1.40% | 31.22% |
| WM VT U.S. Government Securities Fund | | | | | | |
| WM Advantage | 6,382,308 | 1.58 | 10,062,712 | 4.76% | 1.40% | 0.72% |
| WM Strategic Asset Manager | 3,935,172 | 6.34 | 24,953,821 | 5.32% | 1.40% | 0.72% |
| WM VT West Coast Equity Fund | | | | | | |
| WM Advantage | 705,626 | 1.38 | 976,089 | 0.24% | 1.40% | 41.36% |
| WM Strategic Asset Manager | 2,486,638 | 8.95 | 22,246,537 | 0.26% | 1.40% | 41.36% |

| | | | | | | |
|---|-----------|-------|-----------|---------|-------|---------|
| 2002 | | | | | | |
| AIM V.I. International Growth Fund - Series I | | | | | | |
| Platinum Investor | 328,473 | 6.73 | 2,212,078 | 0.56% | 1.35% | -16.81% |
| AIM V.I. Premier Equity Fund - Series I | | | | | | |
| Platinum Investor | 1,386,067 | 5.81 | 8,047,041 | 0.31% | 1.35% | -31.20% |
| American Century VP Value Fund - Class I | | | | | | |
| Platinum Investor | 204,071 | 10.33 | 2,108,769 | 0.83% + | 1.35% | -13.79% |
| Ayco Growth Fund | | | | | | |
| Platinum Investor | 28,270 | 6.54 | 184,788 | 0.41% | 1.35% | -30.25% |
| Credit Suisse Small Cap Growth Portfolio | | | | | | |
| Platinum Investor | 49,797 | 4.98 | 247,791 | 0.00% | 1.35% | -35.04% |
| Dreyfus IP MidCap Stock Portfolio - Initial shares | | | | | | |
| Platinum Investor | 88,491 | 8.08 | 714,853 | 0.36% | 1.35% | -13.67% |
| Dreyfus Socially Responsible Growth Fund - Initial shares | | | | | | |
| Platinum Investor | 578,553 | 5.57 | 3,220,133 | 0.19% | 1.35% | -29.90% |

</TABLE>

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

Note G - Financial Highlights - Continued

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

| Divisions | Units | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|--|---------|------------|-------------|-----------------------------|-------------------|------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2002 - Continued | | | | | | |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares | | | | | | |
| Platinum Investor | 483,579 | \$ 9.17 | \$4,434,291 | 0.05% | 1.35% | -20.21% |
| Dreyfus VIF Quality Bond Portfolio - Initial shares | | | | | | |
| Platinum Investor | 693,468 | 12.54 | 8,697,179 | 5.27% | 1.35% | 6.32% |
| Evergreen Offit VA Emerging Markets Bond Fund - Class 1 | | | | | | |
| Select Reserve | 744,277 | 6.54 | 4,869,798 | 8.55% | 0.40% | -4.22% |
| Evergreen Offit VA U.S. Government Securities Fund - Class 1 | | | | | | |
| Select Reserve | 81,156 | 6.57 | 533,057 | 0.70% | 0.40% | 9.52% |

| | | | | | | |
|---|-----------|------|-----------|--------|-------|---------|
| Evergreen VA High Income Fund - Class 1 Select Reserve | 1,372,894 | 5.45 | 7,482,818 | 8.17% | 0.40% | -0.72% |
| Evergreen VA Strategic Income Fund - Class 1 Select Reserve | 1,233 | 6.18 | 7,625 | 15.50% | 0.40% | 9.04% |
| Fidelity VIP Asset Manager Portfolio - Initial Class Variety Plus | 49,870 | 2.44 | 121,853 | 2.76% | 1.55% | -10.13% |
| Fidelity VIP Asset Manager Portfolio - Service Class 2 Platinum Investor | 115,113 | 8.24 | 948,569 | 2.98% | 1.35% | -10.25% |
| Fidelity VIP Contrafund Portfolio - Service Class 2 Platinum Investor | 284,940 | 7.38 | 2,102,450 | 0.65% | 1.35% | -10.82% |
| Fidelity VIP Equity-Income Portfolio - Service Class 2 Platinum Investor | 414,955 | 7.72 | 3,203,371 | 1.63%+ | 1.35% | -18.26% |
| Fidelity VIP Growth Portfolio - Service Class 2 Platinum Investor | 438,677 | 4.98 | 2,184,500 | 0.17% | 1.35% | -31.23% |
| Fidelity VIP Index 500 Portfolio - Initial Class Variety Plus | 29,751 | 2.15 | 63,955 | 0.78% | 1.55% | -23.45% |
| Fidelity VIP Overseas Portfolio - Initial Class Variety Plus | 43,796 | 1.52 | 66,386 | 0.86% | 1.55% | -21.51% |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2 Platinum Investor | 162,294 | 7.07 | 1,147,655 | 1.77% | 1.35% | -19.66% |
| Franklin Templeton - Templeton Global Asset Allocation Fund - Class 2 Platinum Investor | 187,841 | 8.78 | 1,649,880 | 1.82% | 1.35% | -5.67% |
| Janus Aspen Series International Growth Portfolio - Service Shares Platinum Investor | 49,182 | 4.95 | 243,522 | 0.65% | 1.35% | -26.75% |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares Platinum Investor | 210,251 | 3.28 | 688,959 | 0.00% | 1.35% | -29.08% |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares Platinum Investor | 167,585 | 5.03 | 843,678 | 0.62% | 1.35% | -26.70% |
| JPMorgan Small Company Portfolio Platinum Investor | 29,400 | 6.61 | 194,385 | 0.20% | 1.35% | -22.70% |
| LEVCO Equity Value Fund Select Reserve | 32,028 | 4.60 | 147,331 | 0.12% | 0.40% | -28.51% |
| MFS VIT Capital Opportunities Series - Initial Class Platinum Investor | 312,417 | 4.67 | 1,458,179 | 0.05% | 1.35% | -30.63% |
| MFS VIT Emerging Growth Series - Initial Class Platinum Investor | 909,438 | 5.68 | 5,161,449 | 0.00% | 1.35% | -34.65% |
| MFS VIT New Discovery Series - Initial Class Platinum Investor | 118,547 | 5.90 | 699,140 | 0.00% | 1.35% | -32.55% |

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

Note G - Financial Highlights - Continued

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|--|---------|------------|------------|-----------------------------|-------------------|------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2002 - Continued | | | | | | |
| MFS VIT Research Series - Initial Class Platinum Investor | 178,521 | \$ 5.20 | \$ 928,118 | 0.30% | 1.35% | -25.55% |
| Navellier Growth Portfolio Select Reserve | 442,386 | 4.91 | 2,173,132 | 0.19% | 0.40% | -19.19% |
| Neuberger Berman AMT Balanced Portfolio - Class I Variety Plus | 4,618 | 1.90 | 8,780 | 2.45% | 1.55% | -18.43% |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I Platinum Investor | 91,627 | 4.30 | 394,043 | 0.00% | 1.35% | -30.29% |
| Neuberger Berman AMT Partners Portfolio - Class I Variety Plus | 18,556 | 1.64 | 30,513 | 0.60% | 1.55% | -25.31% |
| OFFIT VIF-Emerging Markets Fund Select Reserve | -- | 6.33 | -- | 14.60% | 0.40% | -7.34% |
| OFFIT VIF-High Yield Fund Select Reserve | -- | 5.33 | -- | 9.10% | 0.40% | -2.91% |
| OFFIT VIF-Total Return Fund Select Reserve | -- | 5.99 | -- | 20.20% | 0.40% | 5.60% |
| OFFIT VIF-U.S. Government Securities Fund Select Reserve | -- | 6.49 | -- | 0.51%+ | 0.40% | 8.22% |

| | | | | | | |
|--|-----------|-------|-----------|--------|-------|---------|
| PIMCO VIT Real Return Portfolio - Administrative Class Platinum Investor | 403,475 | 12.89 | 5,201,442 | 4.61%+ | 1.35% | 16.22% |
| PIMCO VIT Short-Term Portfolio - Administrative Class Platinum Investor | 176,689 | 10.74 | 1,897,788 | 3.13%+ | 1.35% | 1.64% |
| PIMCO VIT Total Return Portfolio - Administrative Class Platinum Investor | 414,050 | 11.84 | 4,903,884 | 4.51%+ | 1.35% | 7.62% |
| Putnam VT Growth and Income Fund - Class IB Platinum Investor | 297,100 | 7.45 | 2,212,145 | 1.68%+ | 1.35% | -20.07% |
| Putnam VT International Growth and Income Fund - Class IB Platinum Investor | 57,026 | 6.91 | 393,960 | 0.54% | 1.35% | -14.92% |
| Royce Small-Cap Portfolio Select Reserve | 68,294 | 7.10 | 485,160 | 0.00% | 0.40% | -14.16% |
| Safeco RST Core Equity Portfolio Platinum Investor | 372,491 | 5.72 | 2,131,647 | 0.99% | 1.35% | -26.90% |
| Safeco RST Growth Opportunities Portfolio Platinum Investor | 320,737 | 7.76 | 2,488,241 | 0.00% | 1.35% | -38.51% |
| UIF Core Plus Fixed Income Portfolio - Class I GENERATIONS | 573,835 | 6.98 | 4,003,470 | 3.52%+ | 1.40% | 5.83% |
| UIF Emerging Markets Equity Portfolio - Class I GENERATIONS | 466,043 | 3.29 | 1,533,568 | 0.00% | 1.40% | -10.17% |
| UIF Equity Growth Portfolio - Class I GENERATIONS | 1,638,270 | 5.23 | 8,570,817 | 0.15% | 1.40% | -28.87% |
| UIF Global Value Equity Portfolio - Class I GENERATIONS | 331,076 | 6.76 | 2,237,480 | 0.14% | 1.35% | -28.83% |
| UIF High Yield Portfolio - Class I GENERATIONS | 1,020,579 | 5.60 | 5,717,568 | 1.13% | 1.40% | -18.02% |
| Platinum Investor | 1,065,187 | 4.62 | 4,921,558 | 8.26% | 1.40% | -8.56% |
| Platinum Investor | 166,067 | 7.86 | 1,305,411 | 9.30% | 1.35% | -8.51% |

</TABLE>

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

Note G - Financial Highlights - Continued

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

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|--|-----------|------------|--------------|-----------------------------|-------------------|------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2002 - Continued | | | | | | |
| UIF International Magnum Portfolio - Class I GENERATIONS | 917,642 | \$ 3.98 | \$ 3,649,437 | 0.86% | 1.40% | -17.97% |
| UIF U.S. Mid Cap Value Portfolio - Class I GENERATIONS | 1,691,178 | 6.60 | 11,162,303 | 0.00% | 1.40% | -29.02% |
| UIF U.S. Real Estate Portfolio - Class I GENERATIONS | 351,469 | 9.92 | 3,487,506 | 2.93%+ | 1.40% | -2.17% |
| UIF Value Portfolio - Class I GENERATIONS | 1,882,791 | 5.17 | 9,736,288 | 0.91% | 1.40% | -23.24% |
| VALIC Company I - International Equities Fund Platinum Investor | 112,590 | 6.05 | 681,105 | 0.32% | 1.35% | -19.88% |
| Select Reserve | 15,126 | 6.38 | 96,488 | 0.59% | 0.40% | -19.11% |
| Variety Plus | 35,975 | 0.88 | 31,583 | 0.34% | 1.55% | -20.04% |
| VALIC Company I - Mid Cap Index Fund Platinum Investor | 508,632 | 10.39 | 5,283,575 | 0.66% | 1.35% | -16.04% |
| Select Reserve | 15,472 | 8.81 | 136,324 | 0.83% | 0.40% | -15.24% |
| VALIC Company I - Money Market I Fund Platinum Investor | 1,548,321 | 10.89 | 16,858,737 | 1.18% | 1.35% | -0.11% |
| Select Reserve | 79,928 | 5.83 | 465,917 | 1.15% | 0.40% | 0.84% |
| VALIC Company I - Nasdaq-100 Index Fund Platinum Investor | 185,357 | 2.96 | 548,088 | 0.00% | 1.35% | -39.09% |
| VALIC Company I - Science & Technology Fund Platinum Investor | 151,065 | 2.59 | 391,511 | 0.00% | 1.35% | -41.01% |
| VALIC Company I - Small Cap Index Fund Platinum Investor | 47,112 | 7.68 | 361,908 | 1.07% | 1.35% | -21.88% |
| VALIC Company I - Social Awareness Fund Variety Plus | 841 | 2.43 | 2,044 | 0.80%+ | 1.55% | -24.62% |
| VALIC Company I - Stock Index Fund Platinum Investor | 1,132,364 | 6.48 | 7,336,334 | 1.15% | 1.35% | -23.48% |
| Select Reserve | 45,477 | 6.79 | 308,591 | 1.20% | 0.40% | -22.74% |
| Variety Plus | 94,866 | 3.13 | 296,940 | 1.09% | 1.55% | -23.63% |
| Van Kampen Comstock Fund Other Contracts | 299,462 | 19.53 | 5,848,410 | 1.27%+ | 0.75% | -20.19% |

| | | | | | | |
|---|-----------|-------|------------|--------|-------|---------|
| Van Kampen Corporate Bond Fund | | | | | | |
| Other Contracts | 80,624 | 5.95 | 479,467 | 5.64% | 0.75% | 2.62% |
| Van Kampen High Yield Fund | | | | | | |
| Other Contracts | 1,346,381 | 4.16 | 5,604,446 | 11.20% | 0.75% | -10.15% |
| Van Kampen LIT Asset Allocation Portfolio - Class I | | | | | | |
| Variety Plus | -- | 2.96 | -- | 6.98%+ | 1.55% | -3.65% |
| Van Kampen LIT Domestic Income Portfolio - Class I | | | | | | |
| GENERATIONS | -- | 11.12 | -- | 14.00% | 1.40% | -1.61% |
| Other Contracts (Deferred Load, Non-Qualified) | -- | 3.90 | -- | 17.62% | 1.25% | -1.46% |
| Other Contracts (Deferred Load, Qualified) | -- | 4.12 | -- | 17.62% | 1.25% | -1.46% |
| Other Contracts (Non-Qualified) | -- | 4.40 | -- | 17.62% | 0.75% | -0.97% |
| Variety Plus | -- | 2.17 | -- | 14.23% | 1.55% | -1.76% |
| Van Kampen LIT Emerging Growth Portfolio - Class I | | | | | | |
| GENERATIONS | 2,135,547 | 8.65 | 18,478,077 | 0.36% | 1.40% | -33.43% |

</TABLE>

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

Note G - Financial Highlights - Continued

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

| Divisions | Units | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|--|------------|------------|---------------|-----------------------------|-------------------|------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2002 - Continued | | | | | | |
| Van Kampen LIT Enterprise Portfolio - Class I | | | | | | |
| GENERATIONS | 1,201,646 | \$12.14 | \$ 14,588,571 | 0.49% | 1.40% | -30.31% |
| Other Contracts (Deferred Load, Non-Qualified) | 1,083,068 | 4.65 | 5,039,795 | 0.48% | 1.25% | -30.21% |
| Other Contracts (Deferred Load, Qualified) | 1,236 | 4.62 | 5,717 | 0.48% | 1.25% | -30.21% |
| Other Contracts (Non-Qualified) | 93,367 | 5.13 | 479,152 | 0.48% | 0.75% | -29.86% |
| Variety Plus | 292,450 | 2.37 | 692,193 | 0.27% | 1.55% | -30.42% |
| Van Kampen LIT Government Portfolio - Class I | | | | | | |
| GENERATIONS | 929,910 | 12.12 | 11,272,066 | 2.94% | 1.40% | 8.09% |
| Other Contracts (Deferred Load, Non-Qualified) | 441,660 | 4.18 | 1,846,784 | 0.00% | 1.25% | 0.00% |
| Other Contracts (Deferred Load, Qualified) | 8,331 | 4.42 | 36,796 | 0.00% | 1.25% | 0.00% |
| Other Contracts (Non-Qualified) | 101,470 | 4.72 | 478,671 | 0.00% | 0.75% | 0.00% |
| Variety Plus | 130,980 | 2.39 | 313,197 | 2.88% | 1.55% | 7.93% |
| Van Kampen LIT Growth and Income Portfolio - Class I | | | | | | |
| GENERATIONS | 6,176,881 | 7.13 | 44,060,833 | 0.99% | 1.40% | -15.69% |
| Platinum Investor | 176,966 | 8.24 | 1,458,145 | 2.76% | 1.35% | -12.66% |
| Van Kampen LIT Money Market Portfolio - Class I | | | | | | |
| GENERATIONS | 624,707 | 9.13 | 5,702,254 | 1.15% | 1.40% | -0.19% |
| Other Contracts (Deferred Load, Non-Qualified) | 551,184 | 2.62 | 1,442,165 | 1.24% | 1.25% | -0.04% |
| Other Contracts (Deferred Load, Qualified) | 1,702 | 2.62 | 4,454 | 1.24% | 1.25% | -0.04% |
| Other Contracts (Non-Qualified) | 341,288 | 2.89 | 987,007 | 1.24% | 0.75% | 0.46% |
| Variety Plus | -- | 1.79 | -- | 0.19% | 1.55% | -0.34% |
| Van Kampen LIT Strategic Stock Portfolio - Class I | | | | | | |
| GENERATIONS | -- | 6.31 | -- | 4.71% | 1.40% | 2.96% |
| Van Kampen Reserve Fund | | | | | | |
| Other Contracts | 116,295 | 4.17 | 484,992 | 0.79% | 0.75% | 0.24% |
| WM VT Balanced Portfolio | | | | | | |
| WM Advantage | 24,540,616 | 1.02 | 25,027,110 | 2.10% | 1.40% | -10.05% |
| WM Strategic Asset Manager | 34,906,845 | 6.65 | 232,172,090 | 2.24% | 1.40% | -10.05% |
| WM VT Conservative Balanced Portfolio | | | | | | |
| WM Advantage | 347,400 | 1.01 | 351,534 | 0.77% | 1.40% | -3.62% |
| WM Strategic Asset Manager | 2,261,547 | 5.28 | 11,934,156 | 0.72% | 1.40% | -3.62% |
| WM VT Conservative Growth Portfolio | | | | | | |
| WM Advantage | 25,188,909 | 0.92 | 23,284,477 | 3.18% | 1.40% | -16.69% |
| WM Strategic Asset Manager | 26,163,600 | 6.44 | 168,509,569 | 3.23% | 1.40% | -16.69% |
| WM VT Equity Income Fund | | | | | | |
| WM Advantage | 883,514 | 1.08 | 958,169 | 2.04%+ | 1.40% | -13.73% |
| WM Strategic Asset Manager | 3,088,847 | 5.47 | 16,902,297 | 2.28%+ | 1.40% | -13.73% |
| WM VT Flexible Income Portfolio | | | | | | |
| WM Advantage | 1,846,155 | 1.10 | 2,025,932 | 0.66% | 1.40% | 0.72% |
| WM Strategic Asset Manager | 9,808,934 | 6.53 | 64,028,857 | 0.62% | 1.40% | 0.72% |
| WM VT Growth & Income Fund | | | | | | |
| WM Advantage | 8,953,147 | 1.96 | 17,513,520 | 0.69% | 1.40% | -22.25% |
| WM Strategic Asset Manager | 7,300,111 | 4.58 | 33,445,533 | 0.73% | 1.40% | -22.25% |
| WM VT Growth Fund | | | | | | |
| WM Advantage | 11,028,293 | 2.12 | 23,358,123 | 0.00% | 1.40% | -31.98% |
| WM Strategic Asset Manager | 5,917,083 | 4.63 | 27,405,408 | 0.00% | 1.40% | -31.98% |

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

Note G - Financial Highlights - Continued

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

<TABLE>

<CAPTION>

| Divisions | Units | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
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| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2002 - Continued | | | | | | |
| WM VT Income Fund | | | | | | |
| WM Advantage | 9,307,079 | \$ 1.62 | \$15,090,247 | 4.53% | 1.40% | 8.09% |
| WM Strategic Asset Manager | 2,221,945 | 6.21 | 13,798,287 | 4.37% | 1.40% | 8.09% |
| WM VT International Growth Fund | | | | | | |
| WM Advantage | 5,842,292 | 1.01 | 5,875,477 | 1.12% | 1.40% | -16.88% |
| WM Strategic Asset Manager | 643,141 | 3.60 | 2,314,327 | 1.16% | 1.40% | -16.88% |
| WM VT Mid Cap Stock Fund | | | | | | |
| WM Advantage | 754,065 | 1.14 | 856,246 | 0.19%+ | 1.40% | -11.60% |
| WM Strategic Asset Manager | 915,143 | 5.68 | 5,195,716 | 0.22%+ | 1.40% | -11.60% |
| WM VT Money Market Fund | | | | | | |
| WM Advantage | 5,020,380 | 1.30 | 6,531,008 | 1.22% | 1.40% | -0.03% |
| WM Strategic Asset Manager | 3,980,690 | 5.79 | 23,061,582 | 1.29% | 1.40% | -0.03% |
| WM VT Short Term Income Fund | | | | | | |
| WM Advantage | 5,743,684 | 1.40 | 8,021,009 | 3.96% | 1.40% | 4.79% |
| WM Strategic Asset Manager | 816,941 | 6.20 | 5,063,752 | 3.60% | 1.40% | 4.79% |
| WM VT Small Cap Growth Fund | | | | | | |
| WM Advantage | 5,893,863 | 1.14 | 6,729,301 | 0.00%+ | 1.40% | -47.89% |
| WM Strategic Asset Manager | 1,002,627 | 3.51 | 3,518,132 | 0.00%+ | 1.40% | -47.89% |
| WM VT Strategic Growth Portfolio | | | | | | |
| WM Advantage | 1,729,513 | 0.82 | 1,421,326 | 3.72% | 1.40% | -21.63% |
| WM Strategic Asset Manager | 8,646,313 | 6.63 | 57,304,096 | 3.89% | 1.40% | -21.63% |
| WM VT U.S. Government Securities Fund | | | | | | |
| WM Advantage | 8,105,156 | 1.57 | 12,688,224 | 3.76% | 1.40% | 7.36% |
| WM Strategic Asset Manager | 6,054,655 | 6.30 | 38,121,168 | 2.85% | 1.40% | 7.36% |
| WM VT West Coast Equity Fund | | | | | | |
| WM Advantage | 837,808 | 0.98 | 819,824 | 0.66% | 1.40% | -23.63% |
| WM Strategic Asset Manager | 2,712,340 | 6.33 | 17,165,462 | 0.61% | 1.40% | -23.63% |
| 2001 | | | | | | |
| AIM V.I. International Growth Fund - Series I | | | | | | |
| Platinum Investor | 368,195 | 8.09 | 2,980,485 | 0.31% | 1.35% | -24.57% |
| AIM V.I. Premier Equity Fund - Series I | | | | | | |
| Platinum Investor | 1,573,033 | 8.44 | 13,273,146 | 0.12% | 1.35% | -13.74% |
| American Century VP Value Fund - Class I | | | | | | |
| Platinum Investor | 103,696 | 11.99 | 1,242,987 | 0.02% | 1.35% | 8.50% |
| Ayco Growth Fund | | | | | | |
| Platinum Investor | 15,280 | 9.37 | 143,203 | 0.63% | 1.35% | -11.02% |
| Credit Suisse Small Cap Growth Portfolio | | | | | | |
| Platinum Investor | 27,601 | 7.66 | 211,425 | 0.00% | 1.35% | -14.96% |
| Dreyfus IP MidCap Stock Portfolio - Initial shares | | | | | | |
| Platinum Investor | 51,194 | 9.36 | 479,031 | 0.32% | 1.35% | 0.15% |
| Dreyfus Socially Responsible Growth Fund - Initial shares | | | | | | |
| Platinum Investor | 733,121 | 7.94 | 5,820,870 | 0.06% | 1.35% | 23.62% |
| Dreyfus VIF Developing Leaders Portfolio - Initial shares | | | | | | |
| Platinum Investor | 499,985 | 11.49 | 5,745,943 | 0.45% | 1.35% | 7.38% |

</TABLE>

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

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable annuity contracts and the investment income ratios, expense ratios (excluding expenses of the underlying Divisions) and total returns for the years ended

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|---|---------|------------|-------------|-----------------------------|-------------------|------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2001 - Continued | | | | | | |
| Dreyfus VIF Quality Bond Portfolio - Initial shares Platinum Investor | 611,881 | \$11.80 | \$7,217,770 | 6.32% | 1.35% | 5.25% |
| Fidelity VIP Asset Manager Portfolio - Initial Class Variety Plus | 86,760 | 2.72 | 235,892 | 4.57% | 1.55% | -5.57% |
| Fidelity VIP Asset Manager Portfolio - Service Class 2 Platinum Investor | 49,828 | 9.18 | 457,488 | 0.00% | 1.35% | -2.64% |
| Fidelity VIP Contrafund Portfolio - Service Class 2 Platinum Investor | 167,876 | 8.27 | 1,388,925 | 0.06% | 1.35% | -13.65% |
| Fidelity VIP Equity-Income Portfolio - Service Class 2 Platinum Investor | 312,488 | 9.44 | 2,951,386 | 0.36% | 1.35% | -6.50% |
| Fidelity VIP Growth Portfolio - Service Class 2 Platinum Investor | 526,862 | 7.24 | 3,815,207 | 0.00% | 1.35% | -18.98% |
| Fidelity VIP Index 500 Portfolio - Initial Class Variety Plus | 66,224 | 2.81 | 185,958 | 0.73% | 1.55% | -13.46% |
| Fidelity VIP Overseas Portfolio - Initial Class Variety Plus | 51,178 | 1.93 | 98,831 | 8.06% | 1.55% | -22.39% |
| Franklin Templeton - Templeton Foreign Securities Fund - Class 2 Platinum Investor | 199,320 | 8.80 | 1,754,283 | 2.60% | 1.35% | -17.13% |
| Franklin Templeton - Templeton Global Asset Allocation Fund - Class 2 Platinum Investor | 221,591 | 9.31 | 2,063,320 | 1.45% | 1.35% | -11.16% |
| Janus Aspen Series International Growth Portfolio - Service Shares Platinum Investor | 45,033 | 6.76 | 304,428 | 0.92% | 1.35% | -24.20% |
| Janus Aspen Series Mid Cap Growth Portfolio - Service Shares Platinum Investor | 176,558 | 4.62 | 815,825 | 0.00% | 1.35% | -40.41% |
| Janus Aspen Series Worldwide Growth Portfolio - Service Shares Platinum Investor | 142,778 | 6.87 | 980,680 | 0.34% | 1.35% | -23.66% |
| JPMorgan Small Company Portfolio Platinum Investor | 11,731 | 8.55 | 100,345 | 0.01% | 1.35% | -1.58% |
| LEVCO Equity Value Fund Select Reserve | 41,904 | 6.43 | 269,612 | 0.84% | 0.40% | -5.68% |
| Mercury HW Large Cap Value VIP Portfolio Select Reserve | -- | 5.51 | -- | 6.45% | 0.40% | 11.54% |
| Mercury Low Duration VIP Portfolio Select Reserve | -- | 5.79 | -- | 2.30% | 0.40% | 3.41% |
| MFS VIT Capital Opportunities Series - Initial Class Platinum Investor | 251,398 | 6.73 | 1,691,569 | 0.00% | 1.35% | -24.52% |
| MFS VIT Emerging Growth Series - Initial Class Platinum Investor | 119,193 | 8.68 | 9,719,891 | 0.00% | 1.35% | -34.39% |
| MFS VIT New Discovery Series - Initial Class Platinum Investor | 87,585 | 8.74 | 765,804 | 0.00% | 1.35% | -6.31% |
| MFS VIT Research Series - Initial Class Platinum Investor | 144,384 | 6.98 | 1,008,257 | 0.00% | 1.35% | -22.31% |
| Navellier Growth Portfolio Select Reserve | 502,963 | 6.08 | 3,057,401 | 0.00% | 0.40% | -28.37% |
| Neuberger Berman AMT Balanced Portfolio - Class I Variety Plus | 4,403 | 2.33 | 10,261 | 3.05% | 1.55% | -14.70% |

</TABLE>

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

Note G - Financial Highlights - Continued

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

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| <S> | <C> | <C> | <C> | <C> | <C> | <C> |

| | | | | | | |
|--|-----------|---------|------------|--------|-------|---------|
| 2001 - Continued | | | | | | |
| Neuberger Berman AMT Mid-Cap Growth Portfolio - Class I Platinum Investor | 53,804 | \$ 6.17 | \$ 331,919 | 0.00% | 1.35% | -19.72% |
| Neuberger Berman AMT Partners Portfolio - Class I Variety Plus | 24,788 | 2.20 | 54,572 | 0.53% | 1.55% | -4.33% |
| OFFIT VIF-Emerging Markets Fund Select Reserve | 1,007,675 | 6.83 | 6,883,549 | 10.56% | 0.40% | 2.75% |
| OFFIT VIF-High Yield Fund Select Reserve | 4,209,865 | 5.49 | 23,112,094 | 8.83% | 0.40% | 7.33% |
| OFFIT VIF-Total Return Fund Select Reserve | 1,419 | 5.67 | 8,047 | 1.09% | 0.40% | 6.67% |
| OFFIT VIF-U.S. Government Securities Fund Select Reserve | 1,970,857 | 6.00 | 11,819,821 | 4.00% | 0.40% | 6.10% |
| PIMCO VIT Real Return Portfolio - Administrative Class Platinum Investor | 234,329 | 11.09 | 2,599,237 | 7.11% | 1.35% | 7.34% |
| PIMCO VIT Short-Term Portfolio - Administrative Class Platinum Investor | 59,542 | 10.57 | 629,240 | 3.25% | 1.35% | 5.03% |
| PIMCO VIT Total Return Portfolio - Administrative Class Platinum Investor | 251,944 | 11.00 | 2,772,551 | 3.31% | 1.35% | 6.93% |
| Putnam VT Growth and Income Fund - Class IB Platinum Investor | 203,404 | 9.32 | 1,894,898 | 0.94% | 1.35% | -6.78% |
| Putnam VT International Growth and Income Fund - Class IB Platinum Investor | 34,054 | 8.12 | 276,529 | 3.04% | 1.35% | -19.45% |
| Royce Small-Cap Portfolio Select Reserve | 70,668 | 8.28 | 584,808 | 0.00% | 0.40% | 20.49% |
| Safeco RST Core Equity Portfolio Platinum Investor | 426,021 | 7.83 | 3,335,254 | 0.75% | 1.35% | -10.62% |
| Safeco RST Growth Opportunities Portfolio Platinum Investor | 357,970 | 12.62 | 4,516,189 | 0.00% | 1.35% | 17.53% |
| UIF Core Plus Fixed Income Portfolio - Class I GENERATIONS | 606,066 | 6.59 | 3,995,227 | 4.25% | 1.40% | 7.79% |
| UIF Emerging Markets Equity Portfolio - Class I GENERATIONS | 619,792 | 3.66 | 2,270,330 | 0.00% | 1.40% | -7.80% |
| UIF Equity Growth Portfolio - Class I GENERATIONS | 2,049,514 | 7.35 | 15,074,023 | 0.00% | 1.40% | -16.30% |
| Platinum Investor | 436,478 | 9.50 | 4,144,941 | 0.00% | 1.35% | -16.26% |
| UIF Global Value Equity Portfolio - Class I GENERATIONS | 1,186,007 | 6.83 | 8,105,084 | 1.00% | 1.40% | -8.34% |
| UIF High Yield Portfolio - Class I GENERATIONS | 1,335,821 | 5.05 | 6,749,740 | 10.36% | 1.40% | -5.81% |
| Platinum Investor | 167,070 | 8.59 | 1,435,511 | 11.64% | 1.35% | -5.76% |
| UIF International Magnum Portfolio - Class I GENERATIONS | 1,202,731 | 4.85 | 5,831,171 | 0.45% | 1.40% | -20.42% |
| UIF U.S. Mid Cap Value Portfolio - Class I GENERATIONS | 2,133,995 | 9.30 | 19,845,003 | 0.00% | 1.40% | -4.50% |
| UIF U.S. Real Estate Portfolio - Class I GENERATIONS | 399,001 | 10.14 | 4,046,828 | 3.68% | 1.40% | 8.31% |

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

Note G - Financial Highlights - Continued

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| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2001 - Continued | | | | | | |
| UIF Value Portfolio - Class I GENERATIONS | 2,053,023 | \$ 6.74 | \$13,830,731 | 0.94% | 1.40% | 0.84% |
| VALIC Company I - International Equities Fund Platinum Investor | 125,218 | 7.55 | 945,460 | 2.19% | 1.35% | -23.03% |
| Select Reserve | 23,271 | 7.89 | 183,528 | 3.43% | 0.40% | -22.29% |
| Variety Plus | 35,538 | 1.10 | 39,018 | 1.81% | 1.55% | -23.18% |
| VALIC Company I - Mid Cap Index Fund Platinum Investor | 625,471 | 12.37 | 7,738,795 | 0.81% | 1.35% | -2.28% |
| Select Reserve | 26,641 | 10.40 | 276,940 | 0.62% | 0.40% | -1.34% |
| VALIC Company I - Money Market I Fund Platinum Investor | 1,708,677 | 10.90 | 18,625,166 | 4.24% | 1.35% | 2.29% |
| Select Reserve | 219,247 | 5.78 | 1,267,346 | 3.62% | 0.40% | 3.27% |
| VALIC Company I - Nasdaq-100 Index Fund | | | | | | |

| | | | | | | |
|---|-----------|-------|------------|--------|-------|---------|
| Platinum Investor | 156,379 | 4.85 | 759,099 | 0.11% | 1.35% | -33.39% |
| VALIC Company I - Science & Technology Fund | | | | | | |
| Platinum Investor | 105,846 | 4.39 | 465,042 | 0.00% | 1.35% | -41.98% |
| VALIC Company I - Small Cap Index Fund | | | | | | |
| Platinum Investor | 29,778 | 9.83 | 292,833 | 1.08% | 1.35% | 0.45% |
| VALIC Company I - Social Awareness Fund | | | | | | |
| VARIETY Plus | 841 | 3.23 | 2,715 | 0.97% | 1.55% | -12.75% |
| VALIC Company I - Stock Index Fund | | | | | | |
| Platinum Investor | 1,285,990 | 8.47 | 10,887,484 | 0.95% | 1.35% | -13.39% |
| Select Reserve | 46,316 | 8.78 | 406,803 | 1.10% | 0.40% | -12.55% |
| VARIETY Plus | 105,192 | 4.10 | 431,130 | 0.88% | 1.55% | -13.56% |
| Van Kampen Comstock Fund | | | | | | |
| Other Contracts | 279,759 | 24.47 | 6,845,874 | 1.34% | 0.75% | -2.53% |
| Van Kampen Corporate Bond Fund | | | | | | |
| Other Contracts | 68,717 | 5.80 | 398,236 | 6.37% | 0.75% | 8.63% |
| Van Kampen High Yield Fund | | | | | | |
| Other Contracts | 1,478,341 | 4.63 | 6,849,168 | 12.43% | 0.75% | -3.40% |
| Van Kampen LIT Asset Allocation Portfolio - Class I | | | | | | |
| VARIETY Plus | 281,340 | 3.08 | 865,226 | 4.14% | 1.55% | -3.12% |
| Van Kampen LIT Domestic Income Portfolio - Class I | | | | | | |
| GENERATIONS | 468,951 | 11.30 | 5,300,051 | 6.88% | 1.40% | 8.44% |
| Other Contracts (Deferred Load, Non-Qualified) | 498,526 | 3.95 | 1,971,073 | 7.55% | 1.25% | 8.60% |
| Other Contracts (Deferred Load, Qualified) | 9,285 | 4.18 | 38,774 | 7.55% | 1.25% | 8.60% |
| Other Contracts (Non-Qualified) | 115,107 | 4.44 | 510,885 | 7.55% | 0.75% | 9.15% |
| VARIETY Plus | 89,465 | 2.21 | 197,613 | 7.32% | 1.55% | 8.27% |
| Van Kampen LIT Emerging Growth Portfolio - Class I | | | | | | |
| GENERATIONS | 2,702,703 | 13.00 | 35,126,796 | 0.10% | 1.40% | -32.45% |
| Van Kampen LIT Enterprise Portfolio - Class I | | | | | | |
| GENERATIONS | 1,460,168 | 17.42 | 25,438,627 | 0.19% | 1.40% | -21.53% |
| Other Contracts (Deferred Load, Non-Qualified) | 1,180,647 | 6.67 | 7,871,893 | 0.19% | 1.25% | -21.42% |
| Other Contracts (Deferred Load, Qualified) | 1,375 | 6.63 | 9,109 | 0.19% | 1.25% | -21.42% |
| Other Contracts (Non-Qualified) | 157,356 | 7.32 | 1,151,303 | 0.19% | 0.75% | -21.02% |
| VARIETY Plus | 166,517 | 3.40 | 566,423 | 0.23% | 1.55% | -21.65% |

</TABLE>

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

Note G - Financial Highlights - Continued

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<TABLE>

<CAPTION>

| Divisions | Units | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|--|------------|------------|--------------|-----------------------------|-------------------|------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2001 - Continued | | | | | | |
| Van Kampen LIT Government Portfolio - Class I | | | | | | |
| GENERATIONS | 543,214 | \$11.21 | \$ 6,091,798 | 6.34% | 1.40% | 5.43% |
| VARIETY Plus | 69,816 | 2.22 | 154,680 | 6.04% | 1.55% | 5.27% |
| Van Kampen LIT Growth and Income Portfolio - Class I | | | | | | |
| GENERATIONS | 5,717,703 | 8.46 | 48,378,015 | 0.06% | 1.40% | -7.13% |
| Van Kampen LIT Money Market Portfolio - Class I | | | | | | |
| GENERATIONS | 723,757 | 9.14 | 6,618,749 | 3.70% | 1.40% | 2.23% |
| Other Contracts (Deferred Load, Non-Qualified) | 555,731 | 2.62 | 1,454,602 | 3.48% | 1.25% | 2.39% |
| Other Contracts (Deferred Load, Qualified) | 1,952 | 2.62 | 5,109 | 3.48% | 1.25% | 2.39% |
| Other Contracts (Non-Qualified) | 318,635 | 2.88 | 917,237 | 3.48% | 0.75% | 2.90% |
| VARIETY Plus | 112,139 | 1.79 | 201,051 | 0.12% | 1.55% | 2.08% |
| Van Kampen LIT Strategic Stock Portfolio - Class I | | | | | | |
| GENERATIONS | 1,672,410 | 6.13 | 10,256,733 | 2.00% | 1.40% | -0.33% |
| Platinum Investor | 168,076 | 9.43 | 1,585,615 | 1.62% | 1.35% | -0.28% |
| Van Kampen Reserve Fund | | | | | | |
| Other Contracts | 360,911 | 4.16 | 1,501,510 | 3.33% | 0.75% | 2.64% |
| WM VT Balanced Portfolio | | | | | | |
| WM Advantage | 36,886,212 | 1.13 | 41,820,702 | 1.73% | 1.40% | -1.27% |
| WM Strategic Asset Manager | 40,969,356 | 7.39 | 302,943,112 | 1.77% | 1.40% | -1.27% |
| WM VT Conservative Balanced Portfolio | | | | | | |
| WM Advantage | 403,206 | 1.05 | 423,342 | 0.88% | 1.40% | 0.97% |
| WM Strategic Asset Manager | 2,351,794 | 5.48 | 12,876,874 | 0.90% | 1.40% | 0.97% |
| WM VT Conservative Growth Portfolio | | | | | | |
| WM Advantage | 37,740,782 | 1.11 | 41,878,078 | 3.74% | 1.40% | -4.91% |
| WM Strategic Asset Manager | 33,856,564 | 7.73 | 261,752,914 | 4.04% | 1.40% | -4.91% |
| WM VT Equity Income Fund | | | | | | |
| WM Advantage | 596,076 | 1.26 | 749,301 | 0.77% | 1.40% | 6.41% |

| | | | | | | |
|---------------------------------|------------|------|------------|-------|-------|---------|
| WM Strategic Asset Manager | 3,246,150 | 6.34 | 20,589,426 | 0.86% | 1.40% | 6.41% |
| WM VT Flexible Income Portfolio | | | | | | |
| WM Advantage | 2,901,986 | 1.09 | 3,161,830 | 1.24% | 1.40% | 3.37% |
| WM Strategic Asset Manager | 8,182,975 | 6.48 | 53,033,732 | 1.10% | 1.40% | 3.37% |
| WM VT Growth & Income Fund | | | | | | |
| WM Advantage | 13,349,740 | 2.52 | 33,587,921 | 0.33% | 1.40% | -4.86% |
| WM Strategic Asset Manager | 9,551,973 | 5.89 | 56,287,828 | 0.34% | 1.40% | -4.86% |
| WM VT Growth Fund | | | | | | |
| WM Advantage | 16,431,695 | 3.11 | 51,162,056 | 1.77% | 1.40% | -30.04% |
| WM Strategic Asset Manager | 8,330,605 | 6.81 | 56,720,576 | 1.91% | 1.40% | -30.04% |
| WM VT Income Fund | | | | | | |
| WM Advantage | 13,167,849 | 1.50 | 19,752,353 | 1.78% | 1.40% | 6.57% |
| WM Strategic Asset Manager | 1,824,298 | 5.75 | 10,481,116 | 1.52% | 1.40% | 6.57% |
| WM VT International Growth Fund | | | | | | |
| WM Advantage | 8,563,606 | 1.21 | 10,361,552 | 0.70% | 1.40% | -18.93% |
| WM Strategic Asset Manager | 781,328 | 4.33 | 3,382,662 | 0.79% | 1.40% | -18.93% |
| WM VT Mid Cap Stock Fund | | | | | | |
| WM Advantage | 859,189 | 1.28 | 1,103,595 | 0.05% | 1.40% | 10.43% |
| WM Strategic Asset Manager | 823,143 | 6.42 | 5,286,444 | 0.06% | 1.40% | 10.43% |

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

Note G - Financial Highlights - Continued

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

| Divisions | Units | Unit Value | Net Assets | Investment Income Ratio (a) | Expense Ratio (b) | Total Return (c) |
|---------------------------------------|------------|------------|--------------|-----------------------------|-------------------|------------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 2001 - Continued | | | | | | |
| WM VT Money Market Fund | | | | | | |
| WM Advantage | 6,426,492 | \$1.30 | \$ 8,362,389 | 3.76% | 1.40% | 2.34% |
| WM Strategic Asset Manager | 3,412,876 | 5.79 | 19,777,243 | 3.25% | 1.40% | 2.34% |
| WM VT Short Term Income Fund | | | | | | |
| WM Advantage | 7,917,675 | 1.33 | 10,551,949 | 1.57% | 1.40% | 6.64% |
| WM Strategic Asset Manager | 520,841 | 5.92 | 3,080,949 | 1.37% | 1.40% | 6.64% |
| WM VT Small Cap Growth Fund | | | | | | |
| WM Advantage | 8,841,767 | 2.19 | 19,370,950 | 0.00% | 1.40% | -13.95% |
| WM Strategic Asset Manager | 1,240,993 | 6.73 | 8,355,704 | 0.00% | 1.40% | -13.95% |
| WM VT Strategic Growth Portfolio | | | | | | |
| WM Advantage | 2,014,342 | 1.05 | 2,112,345 | 2.93% | 1.40% | -7.56% |
| WM Strategic Asset Manager | 11,050,599 | 8.46 | 93,454,818 | 3.33% | 1.40% | -7.56% |
| WM VT U.S. Government Securities Fund | | | | | | |
| WM Advantage | 11,459,193 | 1.46 | 16,709,693 | 1.46% | 1.40% | 6.29% |
| WM Strategic Asset Manager | 3,747,398 | 5.86 | 21,977,545 | 1.09% | 1.40% | 6.29% |
| WM VT West Coast Equity Fund | | | | | | |
| WM Advantage | 867,963 | 1.28 | 1,112,160 | 0.45% | 1.40% | 5.39% |
| WM Strategic Asset Manager | 3,331,295 | 8.29 | 27,606,576 | 0.52% | 1.40% | 5.39% |

(a) These amounts represent the dividends, excluding capital gain distributions from mutual funds, received by the Division from the underlying mutual fund, net of management fees assessed by the fund manager, divided by the average net assets. These ratios exclude those expenses, such as mortality and expense risk charges, that result in direct reduction in the unit value. The recognition of investment income by the Division is affected by the timing of the declaration of dividends by the underlying fund in which the Divisions invest.

(b) These amounts represent the annualized contract expenses of the Separate Account, consisting primarily of mortality and expense risk charges, for each year indicated. These ratios include only those expenses that result in a direct reduction to unit values. Charges made directly to contract owner accounts through the redemption of units and expenses of the underlying fund have been excluded.

(c) These amounts represent the total return for the years indicated, including changes in the value of the underlying Division, and reflect deductions for those expenses that result in a direct reduction to unit values. The total return does not include contract charges deducted directly from account values. For the years ended December 31, 2002 and 2001, no total return was

calculated if the Division became an available investment option during the year. For the years ended December 31, 2004 and 2003, a total return was calculated using the initial unit value for the Division if the Division became an available investment option during the year and the underlying Fund was not available at the beginning of the year.

+ The investment income ratio has been restated due to a misclassification in prior years of short-term capital gains between dividends from mutual funds and capital gain distributions from mutual funds. See Note H for further disclosure.

** Formerly Van Kampen High-Income Corporate Bond Fund.

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

Note H - Restatement

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

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

<TABLE>
<CAPTION>

| Divisions | For the Year Ended December 31, 2003 | | | |
|---|--------------------------------------|-----------|--|-----------|
| | Net Investment Income (Loss) | | Capital Gain Distributions from Mutual Funds | |
| | Originally stated | Restated | Originally stated | Restated |
| <S> | <C> | <C> | <C> | <C> |
| Dreyfus VIF Quality Bond Portfolio - Initial shares | \$375,141 | \$224,200 | \$17,613 | \$168,554 |
| PIMCO VIT Real Return Portfolio - Administrative Class | 142,740 | 73,788 | 30,283 | 99,235 |
| PIMCO VIT Total Return Portfolio - Administrative Class | 92,660 | 75,261 | 19,887 | 37,286 |
| Royce Small-Cap Portfolio | 35,751 | (2,282) | 532 | 38,565 |
| UIF Core Plus Fixed Income Portfolio - Class I | (23,541) | (54,747) | -- | 31,206 |
| VALIC Company I - Stock Index Fund | 13,691 | 9,002 | 25,005 | 29,694 |
| WM VT Equity Income Fund | 267,149 | 213,462 | 33,746 | 87,433 |

<TABLE>
<CAPTION>

| Divisions | Investment Income Ratio | | | |
|---|--------------------------------------|----------|--------------------------------------|----------|
| | For the Year Ended December 31, 2003 | | For the Year Ended December 31, 2002 | |
| | Originally stated | Restated | Originally stated | Restated |
| <S> | <C> | <C> | <C> | <C> |
| American Century VP Value Fund - Class I Platinum Investor | n/a | n/a | 5.94% | 0.83% |
| Dreyfus VIF Quality Bond Portfolio - Initial shares Platinum Investor | 5.97% | 4.14% | n/a | n/a |
| Fidelity VIP Equity-Income Portfolio - Service Class 2 Platinum Investor | n/a | n/a | 1.77% | 1.63% |
| OFFIT VIF-U.S. Government Securities Fund Select Reserve | n/a | n/a | 0.76% | 0.51% |
| PIMCO VIT Real Return Portfolio - Administrative Class Platinum Investor | 4.24% | 2.87% | 4.79% | 4.61% |
| PIMCO VIT Short-Term Portfolio - Administrative Class Platinum Investor | n/a | n/a | 3.24% | 3.13% |

| | | | | |
|---|-------|-------|-------|-------|
| PIMCO VIT Total Return Portfolio - Administrative Class | | | | |
| Platinum Investor | 3.31% | 2.94% | 5.75% | 4.51% |
| Putnam VT Growth and Income Fund - Class IB | | | | |
| Platinum Investor | n/a | n/a | 2.31% | 1.68% |
| Royce Small-Cap Portfolio | | | | |
| Select Reserve | 6.52% | 0.00% | n/a | n/a |

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

Note H - Restatement - Continued

<TABLE>
<CAPTION>

| Divisions | Investment Income Ratio | | | |
|---|---|----------|---|----------|
| | For the Year Ended December 31, 2003 | | For the Year Ended December 31, 2002 | |
| | Originally stated | Restated | Originally stated | Restated |
| <S> | <C> | <C> | <C> | <C> |
| UIF Core Plus Fixed Income Portfolio - Class I GENERATIONS | 0.86% | 0.06% | 4.03% | 3.52% |
| UIF U.S. Real Estate Portfolio - Class I GENERATIONS | n/a | n/a | 3.20% | 2.93% |
| VALIC Company I - Social Awareness Fund VARIETY Plus | n/a | n/a | 2.59% | 0.80% |
| VALIC Company I - Stock Index Fund | | | | |
| Platinum Investor | 1.34% | 1.28% | n/a | n/a |
| Select Reserve | 1.37% | 1.31% | n/a | n/a |
| VARIETY Plus | 1.40% | 1.35% | n/a | n/a |
| Van Kampen Comstock Fund | | | | |
| Other Contracts | n/a | n/a | 1.76% | 1.27% |
| Van Kampen LIT Asset Allocation Portfolio - Class I VARIETY Plus | n/a | n/a | 7.67% | 6.98% |
| WM VT Equity Income Fund | | | | |
| WM Advantage | 2.48% | 2.23% | 2.11% | 2.04% |
| WM Strategic Asset Manager | 2.77% | 2.50% | 2.36% | 2.28% |
| WM VT Mid Cap Stock Fund | | | | |
| WM Advantage | n/a | n/a | 1.99% | 0.19% |
| WM Strategic Asset Manager | n/a | n/a | 2.30% | 0.22% |
| WM VT Small Cap Growth Fund | | | | |
| WM Advantage | n/a | n/a | 2.58% | 0.00% |
| WM Strategic Asset Manager | n/a | n/a | 2.71% | 0.00% |

n/a The investment income ratio did not change.

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[LOGO] PricewaterhouseCoopers

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Houston TX 77002-5678
Telephone (713) 356 4000

Report of Independent Registered Public Accounting Firm

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

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

statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

PRICEWATERHOUSECOOPERS LLP

Houston, Texas
April 29, 2005

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American General Life Insurance Company

Consolidated Balance Sheets

<TABLE>

<CAPTION>

| | December 31 | |
|---|----------------|--------------|
| | 2004 | 2003 |
| | (In Thousands) | |
| <S> | <C> | <C> |
| Assets | | |
| Investments: | | |
| Fixed maturity securities, available for sale, at fair value (amortized cost - \$46,646,227 - 2004; \$43,133,011 - 2003) | \$49,436,433 | \$45,349,130 |
| Fixed maturity securities, trading, at fair value (amortized cost - \$8,946 - 2004; \$52,000 - 2003) | 11,512 | 58,953 |
| Equity securities, at fair value (cost - \$48,038 - 2004; \$93,182 - 2003) | 70,294 | 98,523 |
| Equity securities, trading, at fair value (cost - \$1,638 - 2004; \$7,000 - 2003) | 6,374 | 10,000 |
| Mortgage loans on real estate, net of allowance (\$4,964 - 2004; \$7,124 - 2003) | 3,324,940 | 2,953,495 |
| Policy loans | 1,730,819 | 1,705,891 |
| Investment real estate | 37,730 | 44,543 |
| Partnerships | 2,091,739 | 1,895,974 |
| Separate account seed money (cost - \$39,758 - 2004; \$90,670 - 2003) | 41,488 | 91,670 |
| Securities lending collateral | 9,286,117 | 4,451,135 |
| Short-term investments | 62,913 | 112,440 |
| Derivatives assets | 11,077 | 9,560 |
| Total investments | 66,111,436 | 56,781,314 |
| Cash | 257,224 | 297,209 |
| Restricted Cash | 18,647 | 88,781 |
| Investment in ultimate Parent Company (cost - \$8,597 in 2004 and 2003) | 53,203 | 53,697 |
| Notes receivable from affiliates | 598,045 | 537,241 |
| Indebtedness from affiliates | 37,019 | 19,756 |
| Accrued investment income | 705,590 | 651,815 |
| Accounts receivable | 1,108,251 | 1,023,451 |
| Deferred policy acquisition costs/cost of insurance purchased | 3,617,153 | 3,250,287 |
| Other assets | 272,270 | 376,578 |
| Assets held in separate accounts | 25,537,215 | 22,930,750 |
| Total assets | \$98,316,053 | \$86,010,879 |

</TABLE>

See accompanying notes to consolidated financial statements.

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American General Life Insurance Company

Consolidated Balance Sheets

<TABLE>

<CAPTION>

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

</TABLE>

See accompanying notes to consolidated financial statements.

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American General Life Insurance Company

Consolidated Statements of Income

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

</TABLE>

See accompanying notes to consolidated financial statements.

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American General Life Insurance Company
Consolidated Statements of Shareholder's Equity

<TABLE>
<CAPTION>

| | Year ended December 31 | | |
|--|------------------------|-------------|-------------|
| | 2004 | 2003 | 2002 |
| | (In Thousands) | | |
| <S> | <C> | <C> | <C> |
| Preferred stock: | | | |
| Balance at beginning and end of year | \$ 850 | \$ 850 | \$ 850 |
| Common stock: | | | |
| Balance at beginning and end of year | 6,000 | 6,000 | 6,000 |
| Additional paid-in capital: | | | |
| Balance at beginning of year | 3,507,238 | 3,167,462 | 2,691,492 |
| Capital contribution from Parent Company | 116,559 | 339,776 | 475,970 |
| Balance at end of year | 3,623,797 | 3,507,238 | 3,167,462 |
| Accumulated other comprehensive income: | | | |
| Balance at beginning of year | 1,097,788 | 736,299 | 175,507 |
| Other comprehensive income | 300,837 | 361,489 | 560,792 |
| Balance at end of year | 1,398,625 | 1,097,788 | 736,299 |
| Retained earnings: | | | |
| Balance at beginning of year | 4,250,102 | 3,289,151 | 2,922,422 |
| Net income | 1,088,921 | 961,631 | 812,310 |
| Dividends paid | (300,680) | (680) | (445,581) |
| Balance at end of year | 5,038,343 | 4,250,102 | 3,289,151 |
| Total shareholder's equity | \$10,067,615 | \$8,861,978 | \$7,199,762 |

</TABLE>

See accompanying notes to consolidated financial statements.

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American General Life Insurance Company
Consolidated Statements of Comprehensive Income

<TABLE>
<CAPTION>

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

</TABLE>

See accompanying notes to consolidated financial statements.

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American General Life Insurance Company

Consolidated Statements of Cash Flows

<TABLE>
<CAPTION>

| | 2004 | 2003 | 2002 |
|---|----------------|--------------|--------------|
| | ----- | ----- | ----- |
| | (In Thousands) | | |
| <S> | <C> | <C> | <C> |
| Operating activities | | | |
| Net income | \$ 1,088,921 | \$ 961,631 | \$ 812,310 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Cumulative effect of accounting change, net of tax | 16,859 | -- | -- |
| Interest credited on policyholder contracts | 2,063,646 | 2,039,015 | 2,051,698 |
| Change in accounts receivable | (84,800) | (155,662) | (3,438) |
| Change in future policy benefits and other policy claims | (1,018,480) | 216,269 | 1,096,583 |
| Amortization of policy acquisition costs and cost of insurance purchased | 311,214 | 311,029 | 165,269 |
| Policy acquisition costs deferred | (757,710) | (583,939) | (466,779) |
| Change in other policyholders' funds | 308,794 | 339,326 | 62,893 |
| Provision for deferred income tax expense | 255,872 | 267,645 | 357,510 |
| Depreciation and amortization, including premiums and discounts | 193,670 | 170,474 | 150,310 |
| Change in indebtedness to (from) affiliates | (181,863) | 320,652 | 68,133 |
| Change in amounts payable to brokers | (72,843) | (614,174) | 384,634 |
| Change in trading securities | 51,067 | (68,953) | -- |
| Change in restricted cash | 70,134 | (88,781) | -- |
| Realized investments losses | 158,288 | 315,144 | 422,536 |
| Other, net | (9,928) | 522,312 | 35,272 |
| | ----- | ----- | ----- |
| Net cash provided by operating activities | 2,392,841 | 3,951,988 | 5,136,931 |
| Investing activities | | | |
| Purchases of: | | | |
| Fixed maturity and equity securities | (27,374,134) | (34,541,457) | (34,652,736) |
| Mortgages | (691,747) | (443,541) | (286,385) |
| Other long-term investments | (18,188,518) | (14,902,823) | (17,511,338) |
| Sales of: | | | |
| Fixed maturity and equity securities | 27,001,768 | 29,702,380 | 29,957,705 |
| Mortgages | 307,711 | 291,851 | 236,727 |
| Other long-term investments | 12,915,557 | 13,862,846 | 15,080,395 |
| Redemptions and maturities of fixed maturity and equity securities | 1,735,026 | 1,792,981 | 2,197,983 |
| Sales and purchases of property, equipment, and software, net | 9,648 | (1,056,323) | (23,816) |
| | ----- | ----- | ----- |
| Net cash used in investing activities | (4,284,689) | (5,294,086) | (5,001,465) |

</TABLE>

See accompanying notes to consolidated financial statements.

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American General Life Insurance Company

Consolidated Statements of Cash Flows (continued)

<TABLE>
<CAPTION>

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

</TABLE>

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

American General Life Insurance Company

Notes to Consolidated Financial Statements

December 31, 2004

1. Nature of Operations

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

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

Effective December 20, 2004, AGL merged with its wholly owned subsidiary, American General International Investments, Inc. ("AGII"), and became the surviving entity. The financial position, operating results and cash flows of AGII have historically been included in the consolidated financial statements of AGL.

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

American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies

2.1 Preparation of Financial Statements

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

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

("FIN46R") (See Note 2.14). In accordance with FIN46R, Castle Trust has been consolidated in the Company's consolidated financial statements for the years ending December 31, 2004 and 2003.

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

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

2.2 Statutory Accounting

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

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.2 Statutory Accounting (continued)

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

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

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

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

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.3 Insurance Contracts

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

2.4 Investments

Fixed Maturity and Equity Securities

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

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

Mortgage Loans

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

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

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.4 Investments (continued)

Policy Loans

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

Real Estate

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

Partnerships

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

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

As part of the consolidation of Castle Trust (see Note 2.1), included in

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

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.4 Investments (continued)

Securities Lending Collateral and Securities Lending Payable

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

Dollar Roll Agreements

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

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

Investment Income

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

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.4 Investments (continued)

Realized Investment Results

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

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

In general, a security is considered a candidate for impairment if it meets any of the following criteria: Trading at a significant (25 percent or more) discount to par, amortized cost (if lower) or cost for an extended period of time (nine months or longer); The occurrence of a discrete credit event resulting in (i) the issuer defaulting on a material outstanding obligation; or

(ii) the issuer seeking protection from creditors under the bankruptcy laws or any similar laws intended for the court supervised reorganization of insolvent enterprises; or (iii) the issuer proposing a voluntary reorganization pursuant to which creditors are asked to exchange their claims for cash or securities having a fair value substantially lower than par value of their claims; or in the opinion of the Companies management, it is possible that the Company may not realize a full recovery on its investment, irrespective of the occurrence of one of the foregoing events.

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

2.5 Separate Accounts

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

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

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

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

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

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

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

American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

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

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

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

2.7 Policy and Contract Claims Reserves

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

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

<TABLE>

<CAPTION>

| | 2004 | 2003 |
|---------------------------------|----------------|--------------|
| | ----- | ----- |
| | (In Thousands) | |
| <S> | <C> | <C> |
| Future policy benefits: | | |
| Ordinary life | 4,555,887 | 4,337,180 |
| Group life | 26,346 | 29,797 |
| Life contingent group annuities | 89,228 | 93,072 |
| Life contingent annuities | 3,746,198 | 2,799,407 |
| Terminal funding | 401,444 | 414,630 |
| Accident and health | 337,158 | 224,829 |
| | ----- | ----- |
| Total | \$ 9,156,261 | \$ 7,898,915 |
| | ===== | ===== |
| Policyholder contract deposits: | | |
| Annuities | \$32,463,764 | \$30,891,794 |
| Corporate-owned life insurance | 376,478 | 439,088 |
| Universal life | 5,598,281 | 5,228,572 |
| | ----- | ----- |
| Total | \$38,438,523 | \$36,559,454 |
| | ===== | ===== |

</TABLE>

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.7 Policy and Contract Claims Reserves (continued)

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

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

guaranteed at 3.0 percent and the weighted average rate credited in 2004 was 5.22 percent.

2.8 Guaranteed Minimum Death Benefits

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

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.8 Guaranteed Minimum Death Benefits (continued)

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

2.9 Premium Recognition

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

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

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

2.10 Reinsurance

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

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

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Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.11 Participating Policy Contracts

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

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

2.12 Income Taxes

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

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

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

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Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.13 Derivatives

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

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

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

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

recorded in other comprehensive income until such point that earnings are affected by the fair value changes and cash flows of the hedged asset or liability.

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

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.13 Derivatives (continued)

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

2.14 Recently Issued Accounting Standards

In January 2003, FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN46"). FIN46 changes the method of determining whether certain entities should be consolidated in the Company's consolidated financial statements. An entity is subject to FIN46 and is called a Variable Interest Entity ("VIE") if it has (i) equity that is insufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, or (ii) equity investors that cannot make significant decisions about the entity's operations, or do not absorb the expected losses or receive the expected returns of the entity. All other entities are evaluated for consolidation under existing guidance. A VIE is consolidated by its primary beneficiary, which is the party that has a majority of the expected losses or a majority of the expected residual returns of the VIE, or both. In December 2003, the FASB issued FIN46R.

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

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.14 Recently Issued Accounting Standards (continued)

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

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

mortgage backed securities and similar securities backed by pools of mortgages, consumer receivables or other assets. The investment in these VIEs allows the Company to purchase assets permitted by insurance regulations while maximizing their return on these assets. These VIEs are not consolidated by the Company, pursuant to FIN46R.

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

The Company was required to "look through" the separate account for the purposes of accounting for its interest therein, and account for and classify separate account seed money based on its nature as if the assets of the separate account underlying the Company's interest were held directly by the general account rather than through the separate account structure. The adoption of SOP 03-01 did not have a material impact on the Company's separate accounts or separate account seed money.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

2. Accounting Policies (continued)

2.14 Recently Issued Accounting Standards (continued)

In December 2004, the FASB issued Statement No. 123 (revised 2004) ("FAS 123R"), "Share-Based Payment." FAS 123R replaces FASB Statement No. 123 ("FAS 123"), "Accounting for Stock-based Compensation," and superseded APB Opinion No. 25, "Accounting for Stock Issued to Employees." FAS 123, as originally issued in 1995, established as preferable a fair-value-based method of accounting for share-based payment transactions with employees. On January 1, 2003, AIG adopted the recognition provisions of FAS 123. The effect of the compensation costs, as determined consistent with FAS 123, was not computed on a subsidiary basis, but rather on a consolidated basis for all subsidiaries of AIG and, therefore, are not presented herein. FAS 123R is effective for the annual periods beginning after June 15, 2005. AIG and the Company are currently assessing the impact of FAS 123R and believes the impact will not be material to AIG's or the Company's results of operations.

In June 2004, the FASB issued FSP No. 97-1, "Situations in Which Paragraphs 17(b) and 20 of FASB Statement No. 97, Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments, Permit or Require Accrual of an Unearned Revenue Liability." FSP 97-1 clarifies the accounting for unearned revenue liabilities of certain universal-life type contracts under SOP 03-01. The Company's adoption of FSP 97-1 on July 1, 2004 did not change the accounting for unearned revenue liabilities and, therefore, had no impact on the Company's consolidated financial position or results of operations. In September 2004, the AICPA SOP 03-01 Implementation Task Force issued a Technical Practice Aid ("TPA") to clarify certain aspects of SOP 03-01. The Company is currently evaluating the effect of the implementation of this TPA in its operations on the Company's consolidated financial position or results of operations.

In March 2004, the EITF of the FASB reached a final consensus on Issue 03-01, "Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments." This Issue establishes impairment models for determining whether to record impairment losses associated with investments in certain equity and debt securities. It also requires income to be accrued on a level-yield basis following an impairment of debt securities, where reasonable estimates of the timing and amount of future cash flows can be made. The Company's policy is generally to record income only as cash is received following an impairment of a debt security. In September 2004, the FASB issued Staff Position ("FSP") EITF 03-01-1, which defers the effective date of a substantial portion of EITF 03-01, from the third quarter of 2004, as originally required by the EITF, until such time as FASB issues further implementation guidance, which is expected sometime in 2005. The Company will continue to monitor developments concerning this Issue and is currently unable to estimate the potential effects of implementing EITF 03-01 on the Company's consolidated financial position or results of operations.

American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

3. Investments

3.1 Investment Income

Investment income by type of investment was as follows for the years ended December 31:

| | 2004 | 2003 | 2002 |
|-------------------------------|----------------|-------------|-------------|
| | ----- | ----- | ----- |
| | (In Thousands) | | |
| Investment income: | | | |
| Fixed maturities | \$3,165,313 | \$2,983,484 | \$2,789,590 |
| Equity securities | 8,070 | 13,148 | 2,199 |
| Mortgage loans on real estate | 235,321 | 240,745 | 226,329 |
| Investment real estate | 10,265 | 8,229 | 15,303 |
| Policy loans | 99,421 | 105,214 | 102,479 |
| Other long-term investments | 85,650 | (35,388) | (69,064) |
| Short-term investments | 16,697 | 18,431 | 23,078 |
| | ----- | ----- | ----- |
| Gross investment income | 3,620,737 | 3,333,863 | 3,089,914 |
| Investment expenses | 63,577 | 45,177 | 35,384 |
| | ----- | ----- | ----- |
| Net investment income | \$3,557,160 | \$3,288,686 | \$3,054,530 |
| | ===== | ===== | ===== |

The carrying value of investments that produced no investment income during 2004 was less than 0.3 percent of total invested assets. The ultimate disposition of these investments is not expected to have a material effect on the Company's results of operations and financial position.

Derivative financial instruments did not have a material effect on net investment income in 2004, 2003 and 2002. During 2004, 2003 and 2002, investment income from other long-term investments is primarily related to gains or losses associated with various partnership interests.

American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

3.2 Net Realized Investment Gains (Losses)

Realized gains (losses) by type of investment were as follows for the years ended December 31:

| | 2004 | 2003 | 2002 |
|---|----------------|-------------|--------------|
| | ----- | ----- | ----- |
| | (In Thousands) | | |
| Fixed maturities: | | | |
| Gross gains | \$ 198,777 | \$ 357,694 | \$ 398,239 |
| Gross losses | (270,129) | (400,061) | (697,068) |
| | ----- | ----- | ----- |
| Total fixed maturities | (71,352) | (42,367) | (298,829) |
| Equity securities | 7,041 | 2,099 | (191) |
| Partnerships | (60,101) | (9,424) | (6,145) |
| Other | (33,876) | (7,087) | 9,821 |
| | ----- | ----- | ----- |
| Net realized investment losses before tax | (158,288) | (56,779) | (295,344) |
| Income tax benefit | (58,523) | (19,873) | (103,370) |
| | ----- | ----- | ----- |
| Net realized investment losses after tax | \$ (99,765) | \$ (36,906) | \$ (191,974) |
| | ===== | ===== | ===== |

During 2004, 2003 and 2002, the Company's realized losses included write-downs of \$65 million, \$274 million and \$317 million, respectively, for certain available for sale fixed maturity investments that experienced declines deemed other than temporary. The determination that a security has incurred an other than temporary decline in value and the amount of loss recognition requires the judgement of the Company's management and a continual review of its investments.

American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

3.3 Fixed Maturity and Equity Securities

The following table summarizes the Company's gross unrealized losses and estimated fair values on fixed maturity securities available for sale and equity securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2004:

| | Less than 12 Months | | 12 Months or More | | Total | |
|---------------------------|---------------------|-------------------|-------------------|-------------------|-------------|-------------------|
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| | (In Thousands) | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Fixed maturity securities | \$4,902,790 | \$ 99,579 | \$1,518,651 | \$78,317 | \$6,421,441 | \$177,896 |
| Equity securities | 8,754 | 2,497 | 101 | 23 | 8,855 | 2,520 |
| Total | \$4,911,544 | \$102,076 | \$1,518,752 | \$78,340 | \$6,430,296 | \$180,416 |

</TABLE>

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

3.3 Fixed Maturity and Equity Securities (continued)

Fixed maturity and equity securities classified as available-for-sale are reported at fair value. Amortized cost and fair value at December 31, 2004 and 2003 were as follows:

| | Amortized Cost | Gross Unrealized Gain | Gross Unrealized Loss | Fair Value |
|---------------------------------------|----------------|-----------------------|-----------------------|--------------|
| | (In Thousands) | | | |
| <S> | <C> | <C> | <C> | <C> |
| December 31, 2004 | | | | |
| Fixed maturity securities: | | | | |
| Corporate securities: | | | | |
| Investment-grade | \$27,206,453 | \$2,139,206 | \$ (65,676) | \$29,279,983 |
| Below investment-grade | 2,990,210 | 209,999 | (42,729) | 3,157,480 |
| Mortgage-backed securities | 12,523,571 | 347,005 | (40,439) | 12,830,137 |
| U.S. government obligations | 214,984 | 31,887 | (834) | 246,037 |
| Foreign governments | 411,263 | 46,495 | (207) | 457,551 |
| State and political subdivisions | 3,188,957 | 184,295 | (24,610) | 3,348,642 |
| Collateralized bonds | 59,077 | 160 | (2,798) | 56,439 |
| Redeemable preferred stocks | 51,712 | 9,055 | (603) | 60,164 |
| Total fixed maturity securities | \$46,646,227 | \$2,968,102 | \$ (177,896) | \$49,436,433 |
| Equity securities | \$ 48,038 | \$ 24,776 | \$ (2,520) | \$ 70,294 |
| Separate account seed money | \$ 39,758 | \$ 1,735 | \$ (5) | \$ 41,488 |
| Investment in ultimate Parent Company | \$ 8,597 | \$ 44,606 | \$ -- | \$ 53,203 |

</TABLE>

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Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

3.3 Fixed Maturity and Equity Securities (continued)

<TABLE>

<CAPTION>

| | Amortized Cost | Gross Unrealized Gain | Gross Unrealized Loss | Fair Value |
|---------------------------------------|-------------------|-----------------------------|-----------------------------|---------------|
| | ----- | ----- | ----- | ----- |
| | (In Thousands) | | | |
| <S> | <C> | <C> | <C> | <C> |
| December 31, 2003 | | | | |
| Fixed maturity securities: | | | | |
| Corporate securities: | | | | |
| Investment-grade | \$22,652,679 | \$1,790,509 | \$ (81,969) | \$24,361,219 |
| Below investment-grade | 4,292,052 | 240,752 | (174,159) | 4,358,645 |
| Mortgage-backed securities | 12,549,589 | 322,479 | (109,018) | 12,763,050 |
| U.S. government obligations | 285,458 | 33,931 | (1,932) | 317,457 |
| Foreign governments | 336,692 | 37,805 | (255) | 374,242 |
| State and political subdivisions | 2,955,362 | 173,207 | (17,100) | 3,111,469 |
| Collateralized bonds | 33,233 | 306 | (489) | 33,050 |
| Redeemable preferred stocks | 27,946 | 2,871 | (819) | 29,998 |
| | ----- | ----- | ----- | ----- |
| Total fixed maturity securities | \$43,133,011 | \$2,601,860 | \$ (385,741) | \$45,349,130 |
| | ===== | ===== | ===== | ===== |
| Equity securities | \$ 93,182 | \$ 13,866 | \$ (8,525) | \$ 98,523 |
| | ===== | ===== | ===== | ===== |
| Separate account seed money | \$ 90,670 | \$ 6,000 | \$ (5,000) | \$ 91,670 |
| | ===== | ===== | ===== | ===== |
| Investment in ultimate Parent Company | \$ 8,597 | \$ 45,100 | \$ -- | \$ 53,697 |
| | ===== | ===== | ===== | ===== |

</TABLE>

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Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

3.3 Fixed Maturity and Equity Securities (continued)

Net unrealized gains (losses) on securities included in accumulated other comprehensive income in shareholder's equity at December 31 were as follows:

| | 2004 | 2003 | 2002 |
|---------------------------------------|----------------|-------------|-------------|
| | ----- | ----- | ----- |
| | (In Thousands) | | |
| Gross unrealized gains | \$3,039,219 | \$2,666,826 | \$2,513,951 |
| Gross unrealized losses | (180,421) | (399,266) | (943,681) |
| DPAC and other fair value adjustments | (635,113) | (544,476) | (456,081) |
| Deferred federal income taxes | (788,071) | (609,027) | (406,075) |
| | ----- | ----- | ----- |
| Net unrealized gains on securities | \$1,435,614 | \$1,114,057 | \$ 708,114 |
| | ===== | ===== | ===== |

The contractual maturities of fixed maturity securities at December 31 were as follows:

| | 2004 | |
|--|-------------------|-----------------|
| | Amortized Cost | Market Value |
| | ----- | ----- |
| | (In Thousands) | |
| Fixed maturity securities, excluding mortgage-backed securities: | | |
| Due in one year or less | \$ 696,275 | \$ 714,466 |
| Due after one year through five years | 4,183,308 | 4,499,727 |
| Due after five years through ten years | 11,166,777 | 11,917,222 |
| Due after ten years | 18,076,296 | 19,474,881 |
| Mortgage-backed securities | 12,523,571 | 12,830,137 |
| | ----- | ----- |
| Total fixed maturity securities | \$46,646,227 | \$49,436,433 |
| | ===== | ===== |

Actual maturities may differ from contractual maturities, since borrowers may have the right to call or prepay obligations. In addition, corporate requirements and investment strategies may result in the sale of investments before maturity. Proceeds from sales of fixed maturities were \$28.7 billion, \$31.5 billion and \$30.5 billion, during 2004, 2003 and 2002, respectively.

At December 31, 2004, \$46.9 million of bonds, at amortized cost, were on deposit with regulatory authorities in accordance with statutory requirements.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

3.4 Mortgage Loans on Real Estate

Diversification of the geographic location and type of property collateralizing mortgage loans reduces the concentration of credit risk. For new loans, the Company requires loan-to-value ratios of 75 percent or less, based on management's credit assessment of the borrower. The mortgage loan portfolio was distributed as follows at December 31, 2004 and 2003:

| | Outstanding Amount | Percent of Total | Percent Nonperforming |
|--------------------------|-----------------------|---------------------|--------------------------|
| | ----- | ----- | ----- |
| | (In Millions) | | |
| December 31, 2004 | | | |
| Geographic distribution: | | | |
| South Atlantic | \$ 741 | 22.3% | 0.0% |
| Pacific | 572 | 17.2 | 0.0 |
| Mid-Atlantic | 681 | 20.5 | 2.1 |
| East North Central | 388 | 11.7 | 7.5 |
| Mountain | 174 | 5.2 | 0.0 |
| West South Central | 226 | 6.8 | 0.0 |
| East South Central | 246 | 7.4 | 0.0 |
| West North Central | 104 | 3.1 | 10.4 |
| New England | 170 | 5.1 | 0.0 |
| Canada | 23 | 0.7 | 0.0 |
| Allowance for losses | (0) | (0.0) | 0.0 |
| | ----- | ----- | ----- |
| Total | \$3,325 | 100.0% | 1.6% |
| | ===== | ===== | ===== |
| Property type: | | | |
| Office | \$1,290 | 38.8% | 3.5% |
| Retail | 952 | 28.6 | 0.0 |
| Industrial | 419 | 12.6 | 0.0 |
| Apartments | 425 | 12.8 | 0.0 |
| Hotel/motel | 54 | 1.6 | 15.4 |
| Other | 185 | 5.6 | 0.0 |
| Allowance for losses | (0) | (0.0) | 0.0 |
| | ----- | ----- | ----- |
| Total | \$3,325 | 100.0% | 1.6% |
| | ===== | ===== | ===== |

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

3.4 Mortgage Loans on Real Estate (continued)

| | Outstanding Amount | Percent of Total | Percent Nonperforming |
|--------------------------|-----------------------|---------------------|--------------------------|
| | ----- | ----- | ----- |
| | (In Millions) | | |
| December 31, 2003 | | | |
| Geographic distribution: | | | |
| South Atlantic | \$ 711 | 24.1% | 0.0% |
| Pacific | 506 | 17.1 | 0.0 |
| Mid-Atlantic | 506 | 17.1 | 0.0 |
| East North Central | 459 | 15.5 | 0.0 |
| Mountain | 70 | 2.4 | 0.0 |
| West South Central | 197 | 6.7 | 0.0 |
| East South Central | 251 | 8.5 | 0.0 |

| | | | |
|----------------------|---------|--------|------|
| West North Central | 121 | 4.1 | 0.8 |
| New England | 139 | 4.7 | 0.0 |
| Allowance for losses | (7) | (0.2) | 0.0 |
| | ----- | ----- | |
| Total | \$2,953 | 100.0% | 0.0% |
| | ===== | ===== | |

| | | | |
|----------------------|---------|--------|------|
| Property type: | | | |
| Office | \$1,261 | 42.7% | 0.0% |
| Retail | 844 | 28.5 | 0.1 |
| Industrial | 386 | 13.1 | 0.0 |
| Apartments | 312 | 10.6 | 0.0 |
| Hotel/motel | 55 | 1.9 | 0.0 |
| Other | 102 | 3.4 | 0.0 |
| Allowance for losses | (7) | (0.2) | 0.0 |
| | ----- | ----- | |
| Total | \$2,953 | 100.0% | 0.0% |
| | ===== | ===== | |

Impaired mortgage loans on real estate and related interest income is not material.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

4. Deferred Policy Acquisition Costs and Cost of Insurance Purchased

The following reflects deferred policy acquisition costs (commissions, direct solicitation and other costs) which will be amortized against future income and the related current amortization charges to income, excluding certain amounts deferred and amortized in the same period:

<TABLE>

<CAPTION>

| | 2004 | 2003 | 2002 |
|---|----------------|-------------|-------------|
| | ----- | ----- | ----- |
| | (In Thousands) | | |
| <S> | <C> | <C> | <C> |
| Balance at January 1 | \$2,911,767 | \$2,777,562 | \$2,752,571 |
| Capitalization | 754,087 | 578,665 | 460,253 |
| Accretion of interest/amortization | (280,898) | (326,641) | (196,028) |
| Effect of unrealized gains on securities | (89,827) | (108,572) | (280,942) |
| Effect of realized losses (gains) on securities | (2,896) | (9,247) | 41,708 |
| | ----- | ----- | ----- |
| Balance at December 31 | \$3,292,233 | \$2,911,767 | \$2,777,562 |
| | ===== | ===== | ===== |

</TABLE>

The Company adjusts DAC amortization ("a DAC unlocking") when estimates of current or future gross profits to be realized are revised. In 2002, DAC amortization was reduced by \$46.5 million to reflect a change in the amortization period and reduced by \$56 million due to improved persistency, offset by a \$56 million increase to reflect lower earnings for equity markets.

A roll forward of the cost of insurance purchased ("CIP") for the years ended December 31, were as follows:

<TABLE>

<CAPTION>

| | 2004 | 2003 | 2002 |
|---|----------------|-----------|-----------|
| | ----- | ----- | ----- |
| | (In Thousands) | | |
| <S> | <C> | <C> | <C> |
| Balance at January 1 | \$338,520 | \$351,600 | \$312,609 |
| Deferral of renewal commissions | 3,623 | 5,274 | 6,391 |
| Accretion of interest/amortization | (30,316) | 15,612 | (2,300) |
| Effect of unrealized (gains) losses on securities | 12,725 | (33,966) | 33,700 |
| Effect of realized losses on securities | 368 | -- | 1,200 |
| | ----- | ----- | ----- |
| Balance at December 31 | \$324,920 | \$338,520 | \$351,600 |
| | ===== | ===== | ===== |

</TABLE>

During 2003, the Company reduced their CIP amortization by \$34 million primarily due to improved mortality. CIP amortization expected to be recorded in each of the next five years is \$21.5 million, \$21.0 million, \$20.5 million, \$19.7 million, and \$18.3 million, respectively.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

5. Reserves for Guaranteed Benefits

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

| | Return of Net Deposits Plus a Minimum Return |
|--|---|
| | ----- |
| | (In Millions) |
| Account value | \$ 43,750 |
| Net amount at risk / (a) / | 2,199 |
| Average attained age of contract holders | 54 |
| Range of guaranteed minimum return rates | 0.00%-3.00% |

/(a)/ Net amount at risk represents the guaranteed benefit exposure in excess of the current account value if all contract holders died at the same balance sheet date.

The following summarizes the reserve for guaranteed benefits on variable contracts, which is reflected in the general account and reported in reserves for fixed annuity contracts on the consolidated balance sheet:

| | (In Millions) |
|------------------------------------|---------------|
| | ----- |
| Balance at January 1, 2004 / (b) / | \$ 13 |
| Guaranteed benefits incurred | 8 |
| Guaranteed benefits paid | (11) |
| | ---- |
| Balance at December 31, 2004 | \$ 10 |
| | ===== |

/(b)/ Included in the one-time cumulative effect of accounting change resulting from the adoption of SOP 03-1.

The following assumptions and methodology were used to determine the reserve for guaranteed benefits at December 31, 2004:

- . Data used was 1,000 stochastically generated investment performance scenarios.
- . Mean investment performance assumption was 10%.
- . Volatility assumption was 16%.
- . Mortality was assumed to be 70% to 87.5% of the 1983a table.
- . Lapse rates vary by contract type and duration and range from 5% to 25%.
- . The discount rate was 3% to 8%.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

6. Other Assets

Other assets consisted of the following:

| | December 31 | |
|--------------------------------------|----------------|-----------|
| | ----- | ----- |
| | 2004 | 2003 |
| | ----- | ----- |
| | (In Thousands) | |
| Goodwill | \$ 39,780 | \$ 38,973 |
| Computer software, net | 104,114 | 121,866 |
| Account receivable from brokers, net | 29,437 | 84,794 |
| Prepaid expenses | 36,605 | 36,869 |
| Property and equipment | 49,594 | 61,893 |
| Other | 12,740 | 32,183 |
| | ----- | ----- |
| Total other assets | \$272,270 | \$376,578 |
| | ===== | ===== |

7. Restructuring Charges

In connection with the Parent's merger with AGC during 2001, the Company incurred \$180.4 million in restructuring costs. Of the total restructuring charges, approximately \$177.2 million has been paid as of December 31, 2004. The remaining balance is included in Other Liabilities.

8. Federal Income Taxes

8.1 Tax Liabilities

Income tax liabilities were as follows:

| | December 31 | |
|------------------------------|----------------|-------------|
| | 2004 | 2003 |
| | ----- | ----- |
| | (In Thousands) | |
| Current tax receivables | \$ (98,435) | \$ (19,844) |
| Net deferred tax liabilities | 1,541,342 | 1,124,026 |
| | ----- | ----- |
| Income tax payable | \$1,442,907 | \$1,104,182 |
| | ===== | ===== |

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

8. Federal Income Taxes (continued)

8.1 Tax Liabilities (continued)

The components of deferred tax liabilities and assets at December 31 were as follows:

| | 2004 | 2003 |
|---|----------------|-------------|
| | ----- | ----- |
| | (In Thousands) | |
| Deferred tax liabilities applicable to: | | |
| Deferred policy acquisition costs | \$ 998,567 | \$ 997,483 |
| Basis differential of investments | 190,550 | 72,232 |
| Net unrealized gains on debt and equity securities available for sale | 882,992 | 597,954 |
| Capitalized EDP | 26,599 | 30,702 |
| Prepaid expenses | 12,803 | 12,679 |
| Other | 47,492 | 58,044 |
| | ----- | ----- |
| Total deferred tax liabilities | 2,159,003 | 1,769,094 |
| Deferred tax assets applicable to: | | |
| Policy reserves | (584,450) | (639,638) |
| Other | (33,211) | (5,430) |
| | ----- | ----- |
| Total deferred tax assets | (617,661) | (645,068) |
| | ----- | ----- |
| Net deferred tax liabilities | \$1,541,342 | \$1,124,026 |
| | ===== | ===== |

Under prior federal income tax law, one-half of the excess of a life insurance company's income from operations over its taxable investment income was not taxed, but was set aside in a special tax account designated as "policyholders' surplus." At December 31, 2004, the Company had approximately \$382 million of policyholders' surplus on which no deferred tax liability has been recognized, as federal income taxes are not required unless it is distributed as a dividend, or recognized under other specified conditions. The Company does not believe that any significant portion of the account will be taxed in the foreseeable future. If the entire balance of the policyholders' surplus became taxable at the current federal income tax rates, the tax would be approximately \$134 million. The American Jobs Creation Act of 2004 modified federal income tax law to allow life insurance companies to distribute amounts from policyholders' surplus during 2005 and 2006 without incurring federal income tax on the distributions. The Company is evaluating this new law and expects to eliminate its policyholders' surplus balance during these two years.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

8. Federal Income Taxes (continued)

8.2 Tax Expense

Components of income tax expense (benefit) for the years ended December 31 were as follows:

<TABLE>
<CAPTION>

| | 2004 | 2003 | 2002 |
|--|----------------|-----------|------------|
| | ----- | ----- | ----- |
| | (In Thousands) | | |
| <S> | <C> | <C> | <C> |
| Income tax at statutory percentage of GAAP pretax income | \$526,571 | \$450,865 | \$ 344,654 |
| Non-conventional fuel source credits | (96,202) | (93,655) | (101,917) |
| Dividends received deduction | (19,828) | (18,632) | (21,641) |
| State taxes | 11,823 | 9,114 | 7,659 |
| Low income housing & other tax credits | (6,654) | (6,718) | (6,607) |
| Other current taxes related to IRS settlements | (27) | (6,700) | (46,237) |
| Prior year true-ups | (16,310) | (3,225) | (1,956) |
| Non-qualifying and incentive stock option adjustments | -- | (2,215) | (3,872) |
| Other | (661) | (2,279) | 2,336 |
| | ----- | ----- | ----- |
| Income tax expense | \$398,712 | \$326,555 | \$ 172,419 |
| | ===== | ===== | ===== |

</TABLE>

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

9. Transactions With Affiliates

Notes receivable from affiliates were as follows:

<TABLE>
<CAPTION>

| | December 31, 2004 | | December 31, 2003 | |
|--|-------------------|----------|-------------------|----------|
| | ----- | ----- | ----- | ----- |
| | (In Thousands) | | | |
| <S> | <C> | <C> | <C> | <C> |
| American General Corporation, 9.375%, due 2008 | \$ 4,725 | \$ 3,932 | \$ 4,725 | \$ 3,795 |
| American General Corporation, Promissory notes, 5.50% due 2004 | -- | -- | 2,446 | 2,446 |
| AGC Life, Promissory notes, 6.75% due 2005 | 116,000 | 116,000 | 116,000 | 116,000 |
| American General Corporation, Promissory notes, 2.78% due 2006 | 415,000 | 415,000 | 415,000 | 415,000 |
| Castle Trust 2, Asset backed notes, 5.26%, due 2026 | 45,990 | 46,971 | -- | -- |
| Castle Trust 2, Asset backed notes, 8.26%, due 2026 | 14,497 | 16,142 | -- | -- |
| | ----- | ----- | ----- | ----- |
| Total notes receivable from affiliates | 596,212 | 598,045 | 538,171 | 537,241 |
| | ===== | ===== | ===== | ===== |

</TABLE>

Various AIG companies provide services to the Company, principally mortgage servicing and investment management services, provided by American International Group Global Investment Corporation ("AIGGIC") on a fee basis. The Company paid approximately \$67.5 million, \$54.4 million and \$52.9 million for such services in 2004, 2003 and 2002, respectively. Accounts payable for such services at December 31, 2004 and 2003 were not material. The Company rents facilities and provides services on an allocated cost basis to various AIG companies. Beginning in 1998, amounts received by the Company from affiliates include amounts received by its wholly owned, non-life insurance subsidiary, AGLC. AGLC provides shared services, including technology, to a number of AIG's life insurance subsidiaries.

The Company received approximately \$337.0 million, \$311.4 million and \$261.3 million for such services and rent in 2004, 2003 and 2002, respectively. Accounts receivable for rent and services at December 31, 2004 and 2003 were not material.

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American General Life Insurance Company

9. Transactions With Affiliates (continued)

As a matter of Company policy, derivative contracts are generally executed with AIG Financial Products Corp. ("AIGFP"), an affiliated financial products company. From time to time, derivatives will be entered into with unaffiliated parties in conjunction with private placement investments.

During 2004, the Company purchased 38.7% of the non-voting preferred equity issued by Castle Trust 2003-II LP ("Castle Trust 2") for \$116,558,398. The remaining non-voting equity interest and 100% of the voting equity of Castle Trust are held by various affiliates of the Company. The business of Castle Trust 2, and its wholly owned subsidiaries, is limited to buying, owning, leasing and selling a portfolio of aircraft. The purchase was funded by a capital contribution received from AGC Life Insurance Company. The Company's investment in Castle Trust 2 is reported in partnerships on the consolidated balance sheet.

On January 14, 2004, the Company purchased \$65 million of fixed-rate asset-backed notes issued by Castle Trust 2. The notes mature on November 15, 2026 and are included in notes receivable from affiliates on the consolidated balance sheet.

On December 29, 2004, the Company purchased from Ambler Holding Corp, a wholly-owned subsidiary of the Company's affiliate AIG Financial Products, all of its Class D membership interests in Spicer Energy II LLC ("Spicer") for a purchase price of \$86,100,234. As a result, the Company's Class D interest represents 25.3% of the equity in Spicer's three synfuel facilities. The Company's investment in Spicer is reported in partnerships on the consolidated balance sheet.

Effective August 1, 2003, the Company and AIG Life Insurance Company of Bermuda ("AIGB") entered into a Cut-through Agreement pursuant to which insureds, their beneficiaries and owners were granted a direct right of action against the Company in the event AIGB becomes insolvent or otherwise cannot or refuses to perform its obligations under certain life insurance policies issued by AIGB. The Cut-through Agreement was approved by the Texas Department of Insurance. The amount of the retained liability on AIGB's books related to this agreement at December 31, 2004 totaled \$295,000. The Company feels the probability of loss under this agreement is remote.

Effective June 23, 2003, the Company entered into a Cut-through Agreement with AIG Life of Canada ("AIGC") pursuant to which claimants were granted a direct right of action against the Company in the event AIGC becomes insolvent or otherwise cannot or refuses to perform its obligations under certain structured settlement contracts issued by AIGC. On November 6, 2003, the Company filed the Cut-through Agreement with the Texas Department of Insurance (the

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

9. Transactions With Affiliates (continued)

Department). In early 2005, the Company discussed this Cut-through Agreement with the Department and it was agreed that the reserve established under these contracts would not exceed \$300 million without the consent of the Department. As of December 31, 2004, the reserves recorded by AIGC, related to these contracts, totaled \$121 million. The Company feels the probability of loss under this agreement is remote.

On June 23, 2003, VALIC, a subsidiary of the Company, extended credit in the amount of \$52.5 million (the "Credit Extension") to Highstar Renewable Fuels, LLC ("Highstar"), an indirect wholly owned subsidiary of AIG. The Credit Extension was evidenced by a note dated June 23, 2003 (the "Note"). The Credit Extension was comprised of the following: (i) a loan in the amount of \$37.5 million to Highstar (the "Loan"), (ii) a commitment to make an additional loan to Highstar in an aggregate amount not to exceed \$2.5 million (the "Commitment") and (iii) a guaranty (the "Guaranty") to a bank that is not affiliated with VALIC (the "Bank"). Pursuant to the terms of the Guaranty, VALIC guaranteed the obligations of other companies (the "LOC Applicants") to the Bank, which obligations were set forth in reimbursement agreements related to standby letters of credit (the "letters of Credit") issued by the Bank. Highstar as a non-controlling partial indirect ownership interest in the LOC Applicants.

The primary beneficiaries of the Letters of Credit are partially owned by the LOC Applicant. If any beneficiary of a Letter of Credit drew against the Letter of Credit, VALIC may have been required to pay the Bank an amount equal to the amount of the draws against the Letter of Credit, but not more than the Guaranteed Amount. Pursuant to the terms of the Note, Highstar was obligated to

reimburse the Company for any amounts paid by the Company under the Guaranty. Pursuant to the terms of the Guaranty, the Company had a maximum liability of \$12.5 million plus cost of enforcement and collection, if any. Interest on the Note, which accrued at a rate of 12% per annum, and a commitment fee of \$0.5 million, were due at maturity. VALIC recognized interest income on the Note of \$1.9 million and \$2.4 million for the years ended December 31, 2004 and 2003, respectively. The Loan matured and the Commitment expired on June 30, 2004. As of June 30, 2004, VALIC had received from Highstar all amounts due under the Note, and Highstar caused the Guaranty to be released by the Bank on that date.

On December 31, 2002, the Company sold certain partnership interests to an affiliate, Pine Street Holdings I LLC ("Pine Street Holdings"). Total proceeds received were \$59.8 million, resulting in a realized gain of \$5.4 million. The consideration received included \$20.7 million of 1.38 percent secured term notes due December 31, 2012, and \$14.1 million of preferred membership equity interests, issued by Pine Street Holdings.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

9. Transactions With Affiliates (continued)

The Company's insurance policy obligations are guaranteed by American Home Assurance Company ("American Home"), a subsidiary of AIG. This guarantee is unconditional and irrevocable as to outstanding obligations, and the Company's contractholders have the right to enforce the guarantee directly against American Home. While American Home does not publish financial statements, it does file statutory annual and quarterly reports with the New York State Insurance Department, where such reports are available to the public.

10. Benefit Plans

Effective January 1, 2002, the Company's employees participate in various benefit plans sponsored by AIG, including a noncontributory qualified defined benefit retirement plan, various stock option and purchase plans, a 401(k) plan and a post retirement benefit program for medical care and life insurance. AIG's U.S. plans do not separately identify projected benefit obligations and plan assets attributable to employees of participating affiliates.

11. Derivative Financial Instruments

11.1 Use of Derivative Financial Instruments

The Company's use of derivative financial instruments is generally limited to swaps, currency swaps, S&P 500 index options and treasury note and U.S. long bond futures as hedges of certain financial assets and liabilities as follows:

| Derivative Instrument ----- | Hedged Item ----- |
|-------------------------------------|---|
| Interest rate and currency swaps | Private placement bonds |
| S&P index options | Equity-indexed policy liabilities on certain universal life and annuity policies |
| Treasury note and long bond futures | Bonds purchased for short-term (trading) purposes |

Hedge effectiveness is established and documented at inception and is reassessed quarterly by comparing notional amounts and contract terms and maturities for agreement and consistency.

With the exception of premiums required for the purchase of publicly-traded or over-the-counter (OTC)-traded S&P 500 index options and futures options, derivatives contracts purchased by the Company require no up-front cash payment and provide for net settlement.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

11. Derivative Financial Instruments (continued)

11.2 Risks Inherent In the Use of Derivatives

Risks inherent in the use of derivatives include market risk, credit risk in the event of non-performance by counterparties, and mismatch risk. Exposure to market risk is mitigated by the fact that all derivatives contracts are executed as effective hedges the financial effects of which are offset by another

financial instrument (investment securities or index-based policy liabilities). Counterparty credit exposure is limited by entering into agreements with affiliated counterparties or unaffiliated counterparties having high credit ratings. Affiliated counterparties are guaranteed by AIG and unaffiliated counterparty credit ratings are monitored on a regular basis. Mismatch risk is the risk that hedges are executed improperly or become ineffective over the term of the contracts. Procedures have been implemented at AIG Global Investment Group, the company's affiliated investment advisor, and within the Life Division to prevent and detect such mismatches.

11.3 Interest Rate and Currency Swap Agreements

Interest rate swap agreements are used to convert specific investment securities from a floating to a fixed rate basis and to convert certain fixed rates to different fixed rates. Currency swap agreements are used to convert cash flows from specific investment securities denominated in foreign currencies into U.S. dollars at specific exchange rates.

The difference between amounts paid and received on swap agreements, measured on the basis of fair value of the swaps, is recorded on an accrual basis as an adjustment to net investment income, policyholder interest expense, or other comprehensive income. The related amount payable to or receivable from counterparties is included in derivative liabilities or assets.

Swap agreements have terms of two to twenty-two years. There were no gains or losses from early swap terminations deferred in 2004.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

11. Derivative Financial Instruments (continued)

11.3 Interest Rate and Currency Swap Agreements (continued)

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

<TABLE>

<CAPTION>

| | 2004 | 2003 | |
|---|-------|---------------|-------|
| | ----- | | |
| <S> | <C> | (In Millions) | |
| | | <C> | |
| Interest rate swap agreements to receive fixed rate: | | | |
| Notional amount | \$ | 57 | \$ 71 |
| Fair value | | 4 | 6 |
| Currency swap agreements (receive U.S. dollars/pay Canadian dollars): | | | |
| Notional amount (in U.S. dollars) | | 154 | 97 |
| Fair Value | | (38) | (16) |
| Currency swap agreements (receive U.S. dollars/pay Great Britain pounds): | | | |
| Notional amount (in U.S. dollars) | | 20 | - |
| Fair Value | | (2) | - |
| Currency swap agreements (receive U.S. dollars/pay Australian dollars): | | | |
| Notional amount (in U.S. dollars) | | 53 | 23 |
| Fair value | | (8) | (4) |
| Currency swap agreements (receive U.S. dollars/pay Japanese Yen): | | | |
| Notional amount (in U.S. dollars) | | 12 | 12 |
| Fair value | | (2) | (1) |
| Currency swap agreements (receive U.S. dollars/pay LIBOR and Euro-based floating rate): | | | |
| Notional amount (in U.S. dollars) | | 21 | 21 |
| Fair value | | (0) | (5) |
| Combination interest rate and currency swap agreements (receive U.S. dollars/pay Australian dollars): | | | |
| Notional amount (in U.S. dollars) | | 100 | 21 |
| Fair value | | (8) | (5) |

</TABLE>

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

11. Derivative Financial Instruments (continued)

11.4 Index Options

S&P 500 index options (puts and calls) are purchased as fair value hedges of index-based exposures inherent in the Company's equity-indexed universal life and annuity products. Such options generally have terms of one or two years. The Company has procedures in place to effectively match option purchases to policy liabilities and to assess ongoing effectiveness on a periodic basis. Contracts outstanding at December 31 were as follows:

<TABLE>

<CAPTION>

| | 2004 | | 2003 | |
|------------------------------|---------------|------------|----------|------------|
| | Notional | Fair Value | Notional | Fair Value |
| | (In Millions) | | | |
| <S> | <C> | <C> | <C> | <C> |
| Calls: | | | | |
| One-year (or less) contracts | \$ 100 | \$ 6 | \$ 29 | \$ 4 |
| Two-year contracts | 13 | 1 | -- | -- |

</TABLE>

11.5 Futures

The Company purchases and sells short futures options (treasury note and U.S. long bond) to offset interest rate exposures on certain bonds purchased for the trading portfolio. All such positions are closed out each quarter-end with mark to market adjustments recognized currently in earnings.

12. Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107 "Disclosures about Fair Value of Financial Instruments" ("FASB 107") requires disclosure of fair value information about financial instruments for which it is practicable to estimate such fair value. In the measurement of the fair value of certain of the financial instruments, where quoted market prices were not available, other valuation techniques were utilized. These fair value estimates are derived using internally developed valuation methodologies based on available and observable market information.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

12. Fair Value of Financial Instruments (continued)

Carrying amounts and fair values for certain of the Company's financial instruments at December 31 are presented below.

<TABLE>

<CAPTION>

| | 2004 | | 2003 | |
|---------------------------------------|---------------|-----------------|------------|-----------------|
| | Fair Value | Carrying Amount | Fair Value | Carrying Amount |
| | (In Millions) | | | |
| <S> | <C> | <C> | <C> | <C> |
| Assets | | | | |
| Fixed maturity and equity securities | \$ 49,525 | \$ 49,525 | \$ 45,517 | \$ 45,517 |
| Mortgage loans on real estate | 3,532 | 3,325 | 3,246 | 2,954 |
| Policy loans | 1,777 | 1,731 | 1,749 | 1,706 |
| Short-term investments | 63 | 63 | 112 | 112 |
| Derivative assets | 11 | 11 | 10 | 10 |
| Partnerships | 2,092 | 2,092 | 1,896 | 1,896 |
| Separate account seed money | 41 | 41 | 92 | 92 |
| Investment in ultimate Parent Company | 53 | 53 | 54 | 54 |
| Notes receivable from affiliates | 598 | 598 | 537 | 537 |
| Securities lending collateral | 9,286 | 9,286 | 4,451 | 4,451 |
| Assets held in separate accounts | 25,537 | 25,537 | 22,931 | 22,931 |
| Liabilities | | | | |
| Investment contracts | 30,792 | 33,591 | 29,176 | 31,760 |
| Dividend accumulations | 904 | 904 | 901 | 901 |
| Derivative liabilities | 58 | 58 | 27 | 27 |
| Securities lending payable | 9,286 | 9,286 | 4,451 | 4,451 |

The following methods and assumptions were used to estimate the fair value of financial instruments:

Fixed Maturity and Equity Securities

Fair value for fixed maturity securities was based principally on independent pricing services, broker quotes and other independent information. For securities that do not have readily determinable market prices, the Company estimated fair value using internally prepared valuations (including those based on estimates of future profitability). Otherwise, the Company used its most recent purchases and sales of similar unquoted securities, independent broker quotes or comparison to similar securities with quoted prices when possible to estimate the fair value of those securities.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

12. Fair Value of Financial Instruments (continued)

Fixed Maturity and Equity Securities (continued)

Fair values for equity securities was based upon quoted market prices.

Mortgage Loans on Real Estate

Fair value of mortgage loans was estimated primarily using discounted cash flows, based on contractual maturities and risk-adjusted discount rates.

Policy Loans

Fair value of policy loans was estimated using discounted cash flows and actuarially determined assumptions incorporating market rates.

Investment in Ultimate Parent Company

The fair value of the investment in the ultimate Parent Company is based on quoted market prices of AIG common stock.

Assets and Liabilities Related to Separate Accounts

The fair value of Separate Account assets and liabilities was based on quoted net asset value per share of the underlying mutual funds held in separate accounts.

Derivative Financial Instruments

Fair values for derivative assets and liabilities were based upon quoted market prices received from AIG Financial Products Corp, an affiliated financial products company, and independent sources.

Investment Contracts

Fair value of insurance investment contracts was estimated using cash flows discounted at market interest rates.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

12. Fair Value of Financial Instruments (continued)

Notes Receivable from Affiliates

Fair values of promissory notes and asset backed notes from affiliates were based on quoted market prices, where available. For investments not actively traded, fair values were estimated using values obtained from independent pricing services or, in the case of some private placements, by discounting expected future cash flows using a current market rate applicable to yield, credit quality, and average life of investments.

Partnerships

Fair value of partnerships is based upon the fair value of the net assets of

these investments as determined by the general partners.

Separate Account Seed Money

Fair value is considered to be the market value of the underlying securities.

13. Commitments and Contingencies

The Company has various leases, substantially all of which are for office space and facilities. Rentals under financing leases, contingent rentals, and future minimum rental commitments and rental expense under operating leases are not material.

The Company's ultimate parent, AIG, pursuant to various filings with the SEC, has reported that its Annual Report on Form 10-K for the fiscal year ended December 31, 2004 could not be filed within the prescribed time period due to management changes, as well as AIG's ongoing internal review of the accounting for certain transactions, which review was commenced in connection with regulatory inquiries announced by AIG and described in Current Reports on Forms 8-K filed with the SEC by AIG, including those filed on February 14, 2005, March 15, 2005 and March 30, 2005. In the opinion of the Company's management, based on the current status of these inquiries, it is not likely that any of these inquiries will have a material adverse effect on the Company's consolidated financial condition or results of operations.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

13. Commitments and Contingencies (continued)

The Company is party to various other lawsuits and proceedings arising in the ordinary course of business. These lawsuits and proceedings include certain class action claims and claims filed by individuals who have excluded themselves from settlement of class action lawsuits relating to life insurance pricing and sales practices. In addition, many of these proceedings are pending in jurisdictions that permit damage awards disproportionate to the actual economic damages alleged to have been incurred. Based upon information presently available, the Company believes that the total amounts that will ultimately be paid, if any, arising from these lawsuits and proceedings will not have a material adverse effect on the Company's results of operations and financial position. However, it should be noted that the frequency of large damage awards, including large punitive damage awards, that bear little or no relation to actual economic damages incurred by plaintiffs in some jurisdictions continues to create the potential for an unpredictable judgment in any given suit.

The Company had \$110.5 million of unfunded commitments for its investments in limited partnerships at December 31, 2004.

All fifty states have laws requiring solvent life insurance companies to pay assessments to protect the interests of policyholders of insolvent life insurance and annuity companies. The Company recognizes a liability for insurance-related assessments when all of the following three conditions have been met: (i) an assessment has been imposed or information available prior to the issuance of financial statements indicates it is probable that an assessment will be imposed, (ii) the event obligating the Company to pay an imposed or probable assessment occurred on or before the date of the financial statements and (iii) the amount of the assessment can be reasonably estimated. The December 31, 2004 liability was estimated by the Company using the latest information available from the National Organization of Life and Health Insurance Guaranty Associations. The liability is not material to the Company's consolidated statement of position. While it is not possible to exactly estimate the portion of the industry assessments for which the Company will be responsible, it is expected that any difference between the estimated assessments and the actual assessments will not be material to the Company's consolidated results of operations and financial position. Although the amount accrued represents the Company's best estimate of its liability, this estimate may change in the future.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

13. Commitments and Contingencies (continued)

On November 1, 2002, the Company and various affiliates entered into a one-year inter-affiliate credit facility (the "facility"), under which the Company

commits to make loans to AIG in amounts aggregating to not more than \$90.0 million. Such loans may take the form of variable rate loans that pay the higher of the federal funds rate plus 0.5 percent or the prime rate, or fixed rate loans that pay LIBOR plus a specific margin. AIG has the option, at the commitment termination date to convert any outstanding loan balances to one-year term. After an initial one-year extension, effective October 29, 2004, the facility was amended to extend the commitment termination date to October 28, 2005. The Company has received annual facility fees of 0.045%. However, effective as of October 29, 2004, the facility fee was changed to 0.040%. No loans were funded during 2004 or 2003.

Tax credits generated by the production of synthetic fuel are subject to a phase-out provision that gradually reduces tax credits as the annual average wellhead price per barrel of domestic crude oil increases into an inflation-adjusted phase-out range. For 2003 and 2004, the tax credit would have begun to phase-out when the annual average wellhead price per barrel of domestic crude oil exceeded \$50.14 per barrel and \$51.35 per barrel, respectively. The 2005 phase-out range will be calculated using inflation rates published in 2006 by the Internal Revenue Service. If domestic crude oil prices remain high in 2005, the tax credits and net income generated by the investments may be reduced substantially.

During 1997 and 1998, the Company participated in a workers' compensation underwriting pool with a third party insurance company. Both companies share equally in the pool. Collectively, the workers' compensation business is assumed from over 50 ceding companies and retro-ceded to 15 programs. The business covers risks primarily from the 1997 and 1998 underwriting years but also includes one risk from the 1996 underwriting year as well.

Net premiums and losses retained by the Company, after retro-cessions to variable quota share reinsurers, are 100% retro-ceded to another AIG subsidiary, American General Assurance Company ("AGAC"). Under the agreement with AGAC, the company remains liable for any credit losses arising from uncollectible amounts from the third party reinsurers, including the Company's 50% pool participant. During 2004 and 2003, the Company recorded charges of \$20.7 million and \$0 million, respectively, related to such uncollectible amounts. Reinsurance recoverables included in these financial statements related to the workers' compensation business were \$ 62.0 million and \$ 137.4 million at December 31, 2004 and 2003, respectively. While not included in these financial statements, the Company is contingently liable for losses incurred by its 50% pool participant should that third party become insolvent or otherwise unable to meet its obligations under the pool agreement.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

14. Reinsurance

Reinsurance transactions for the years ended December 31, 2004, 2003 and 2002 were as follows:

<TABLE>

<CAPTION>

| | Gross Amount | Ceded to Other Companies | Assumed From Other Companies | Net Amount | Percentage of Amount Assumed to Net |
|-------------------------------|---------------|--------------------------------|------------------------------------|---------------|--|
| | ----- | ----- | ----- | ----- | ----- |
| | | | (In Thousands) | | |
| <S> | <C> | <C> | <C> | <C> | <C> |
| December 31, 2004 | | | | | |
| Life insurance in force | \$410,133,222 | \$314,611,320 | \$2,814,650 | \$ 98,336,552 | 2.86% |
| | ===== | ===== | ===== | ===== | |
| Premiums: | | | | | |
| Life insurance and annuities | 1,898,236 | 395,625 | 9,307 | 1,511,918 | 0.62% |
| Accident and health insurance | 25,374 | 2,999 | 1,129 | 23,504 | 4.80% |
| | ----- | ----- | ----- | ----- | |
| Total premiums | \$ 1,923,610 | \$ 398,624 | \$ 10,436 | \$ 1,535,422 | 0.68% |
| | ===== | ===== | ===== | ===== | |
| December 31, 2003 | | | | | |
| Life insurance in force | \$314,862,729 | \$211,992,953 | \$2,628,269 | \$105,498,045 | 2.49% |
| | ===== | ===== | ===== | ===== | |
| Premiums: | | | | | |
| Life insurance and annuities | 1,758,005 | 305,828 | 6,641 | 1,458,818 | 0.46% |
| Accident and health insurance | 24,827 | (6,252) | (7,296) | 23,783 | -30.68% |
| | ----- | ----- | ----- | ----- | |
| Total premiums | \$ 1,782,832 | \$ 299,576 | \$ (655) | \$ 1,482,601 | -0.04% |
| | ===== | ===== | ===== | ===== | |
| December 31, 2002 | | | | | |
| Life insurance in force | \$278,188,433 | \$170,693,613 | \$2,407,609 | \$109,902,429 | 2.19% |

| | ===== | ===== | ===== | ===== | ===== |
|-------------------------------|--------------|------------|-----------|--------------|--------|
| Premiums: | | | | | |
| Life insurance and annuities | 1,760,974 | 397,686 | 21,125 | 1,384,413 | 1.53% |
| Accident and health insurance | 25,713 | 983 | (583) | 24,147 | -2.41% |
| | ----- | ----- | ----- | ----- | |
| Total premiums | \$ 1,786,687 | \$ 398,669 | \$ 20,542 | \$ 1,408,560 | 1.46% |
| | ===== | ===== | ===== | ===== | |

</TABLE>

Reinsurance recoverable on paid losses was approximately \$47.5 million, and \$47.5 million, at December 31, 2004 and 2003, respectively. Reinsurance recoverable on unpaid losses was approximately \$77.7 million, and \$150.2 million at December 31, 2004 and 2003, respectively.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

14. Reinsurance (continued)

In December 2002, the Company entered into a coinsured/modified coinsurance agreement with AIG Life Insurance Company of Bermuda ("AIGB"). The agreement has an effective date of March 1, 2002. Under the agreement, AIGB reinsures 100% quota share of the Company's liability on virtually all level term and universal life products issued by the Company with issue dates on or after March 1, 2002. The agreement is unlimited in duration but either party may terminate the agreement as to new business with thirty days written notice to the other party. The agreement also provides for an experience refund of all profits, less a reinsurance risk charge.

15. Shareholder's Equity

The Company has 8,500 shares of \$100 par value cumulative preferred stock authorized and outstanding with an \$80 dividend rate, redeemable at \$1,000 per share after December 31, 2000. The Company's stock is held by its immediate parent, AGC Life.

The Company paid \$300 million, \$0 million and \$445 million in dividends on common stock to the Parent Company in 2004, 2003 and 2002, respectively. The Company also paid \$680,000 in dividends on preferred stock to the Parent Company in 2004, 2003 and 2002.

On December 31, 2002, the Parent contributed to the Company a 100 percent interest in SunAmerica Hedge Fund Holdings LLC ("SAHFH"). SAHFH was formed on December 13, 2002. SAHFH's assets consist solely of investments in partnerships, which are included in partnerships in the consolidated balance sheets. The capital contribution was recorded in the amount of \$443.8 million, representing the equity of SAHFH.

The Company and its insurance subsidiaries are restricted by state insurance laws as to the amounts they may pay as dividends without prior approval from their respective state insurance departments. At December 31, 2004, approximately \$9.5 billion of consolidated shareholder's equity represents net assets of the Company, which cannot be transferred, in the form of dividends, loans, or advances to the Parent Company. Approximately \$4.3 billion of consolidated shareholder's equity is similarly restricted as to transfer from its subsidiaries to the Company.

Generally, the net assets of the Company's subsidiaries available for transfer to the Parent are limited to the amounts that the subsidiaries' net assets, as determined in accordance with statutory accounting practices, exceed minimum statutory capital requirements. However, payments of such amounts as dividends may be subject to approval by regulatory authorities and are generally limited to the greater of 10 percent of policyholders' surplus or the previous year's statutory net gain from operations.

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

16. Division Operations

16.1 Nature of Operations

The Company manages its business operation through two divisions, which are based on products and services offered.

Retirement Services

The Retirement Services Division, which primarily relates to the operation of VALIC, a wholly owned subsidiary of the Company, provides tax-deferred retirement annuities and employer-sponsored retirement plans to employees of educational, health care, public sector, and other not-for-profit organizations marketed nationwide through exclusive sales representatives.

Life Insurance

The Life Insurance division provides traditional, interest-sensitive, and variable life insurance and annuities to a broad spectrum of customers through multiple distribution channels focused on specific market segments.

16.2 Division Results

Results of each division exclude net realized investment gains.

Division earnings information was as follows:

<TABLE>
<CAPTION>

| | Revenues | | | Income Before Taxes | | | Earnings | | |
|------------------------------------|---------------|---------|---------|---------------------|---------|--------|----------|--------|--------|
| | 2004 | 2003 | 2002 | 2004 | 2003 | 2002 | 2004 | 2003 | 2002 |
| | (In Millions) | | | | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| Retirement Services | \$2,531 | \$2,301 | \$2,133 | \$1,116 | \$ 878 | \$ 772 | \$ 774 | \$ 593 | \$ 552 |
| Life Insurance | 3,855 | 3,568 | 3,235 | 546 | 467 | 508 | 435 | 406 | 452 |
| Total divisions | 6,386 | 5,869 | 5,368 | 1,662 | 1,345 | 1,280 | 1,209 | 999 | 1,004 |
| Realized investment gains (losses) | (158) | (57) | (295) | (158) | (57) | (295) | (103) | (37) | (192) |
| Total consolidated | \$6,228 | \$5,812 | \$5,073 | \$1,504 | \$1,288 | \$ 985 | \$1,106 | \$ 962 | \$ 812 |

</TABLE>

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American General Life Insurance Company

Notes to Consolidated Financial Statements (continued)

16. Division Operations (continued)

16.2 Division Results (continued)

Division balance sheet information was as follows:

| | Assets | | Liabilities | |
|---------------------|---------------|----------|-------------|----------|
| | December 31 | | | |
| | 2004 | 2003 | 2004 | 2003 |
| | (In Millions) | | | |
| Retirement Services | \$68,052 | \$58,738 | \$63,063 | \$54,213 |
| Life Insurance | 30,264 | 27,273 | 25,083 | 22,839 |
| Total consolidated | \$98,316 | \$86,011 | \$88,146 | \$77,052 |

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PART C
OTHER INFORMATION

Item 24. Financial Statements and Exhibits

(a) Financial Statements

PART A: None

PART B:

- (1) Financial Statements of the WM Strategic Asset Manager Divisions of American General Life Insurance Company Separate Account D:

Report of Independent Registered Public Accounting Firm
Statement of Net Assets

(2) Consolidated Financial Statements of American General Life Insurance Company:

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets
Consolidated Statements of Income
Consolidated Statements of Shareholder's Equity
Consolidated Statements of Comprehensive Income
Consolidated Statements of Cash Flows
Notes to Consolidated Financial Statements

PART C: None

(b) Exhibits.

- 1 (a) American General Life Insurance Company of Delaware Board of Directors resolution authorizing the establishment of Separate Account D. (1)
- (b) Resolution of the Board of Directors of American General Life Insurance Company of Delaware authorizing, among other things, the redomestication of that company in Texas and the renaming of that company as American General Life Insurance Company. (2)
- (c) Resolution of the Board of Directors of American General Life Insurance Company of Delaware providing, inter alia, for Registered Separate Accounts' Standards of Conduct. (3)
- 2 None
- 3 (a) (i) Distribution Agreement dated March 24, 1993 between American General Securities Incorporated and American General Life Insurance Company. (4)
- (ii) (A) Form of Master Marketing and Distribution Agreement, by and among American General Life Insurance Company, American General Securities Incorporated and Sierra Investment Services Corporation. (8)
- (B) (1) Master Marketing and Distribution Agreement by and among American General Life Insurance Company, American General

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Securities Incorporated, and WM Funds Distributor, Inc., dated July 12, 1999. (10)

(2) First Amendment to Master Marketing and Distribution Agreement by and Among American General Life Insurance Company, American General Distributors, Inc. and WM Funds Distributor, Inc., dated November 1, 2000. (12)

(C) Form of Amended and Restated Master Marketing and Distribution Agreement by and Among American General Life Insurance Company, American General Distributors, Inc. and WM Funds Distributor, Inc. (12)

- (b) (i) Form of Selling Group Agreement, by and among American General Life Insurance Company, American General Securities Incorporated and Sierra Investment Services Corporation. (8)
- (ii) Form of Selling Group Agreement, by and among American General Life Insurance Company, American General Securities Incorporated and WM Funds Distributor, Inc. (12)
- (c) (i) Trust Participation Agreement. (5)
- (ii) Form of First Amendment to the Trust Participation Agreement by and among American General Life Insurance Company, American General Securities Incorporated, The Sierra Variable Trust and Sierra Investment Services Corporation. (8)
- (iii) Participation Agreement Among American General Life Insurance Company, American General Securities Incorporated, The Sierra Variable Trust and Composite Funds Distributor, Inc. (9)
- (iv) Participation Agreement among American General Life Insurance Company, American General Securities Incorporated, WM Variable Trust, and WM Funds Distributor, Inc., dated July 12, 1999. (10)

- 3 (c) (v) First Amendment to Participation Agreement among American General Life Insurance Company, American General Securities Incorporated, American General Distributors, Inc., WM Variable Trust and WM Funds Distributor, Inc., dated November 1, 2000. (12)
- (d) (i) Agreement respecting certain indemnifications given by Sierra Investment Advisors Corporation and Sierra Investment Services Corporation to American General Life Insurance Company and American General Securities Incorporated. (5)
- (ii) Indemnification Agreement by and among American General Life Insurance Company, American General Securities Incorporated, WM Advisors, Inc., and WM Funds Distributor, Inc., dated July 12, 1999. (10)
- (iii) First Amendment to Indemnification Agreement by and among American General Life Insurance Company, American General Distributors, Inc., WM Advisors, Inc. and WM Funds Distributor, Inc., dated November 1, 2000. (12)

- 4 (a) Specimen form of Combination Fixed and Variable Annuity Contract (Form No. 97010). (8)
- (b) Specimen form of Combination Fixed and Variable Annuity Contract (Form No. 97011). (8)
- (c) Specimen form of Waiver of Surrender Charge Rider for Contract Form No. 97010 and Contract Form No. 97011. (8)

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- (d) Form of Qualified Contract Endorsement. (6)
- (e) (i) (A) Specimen form of Individual Retirement Annuity Disclosure Statement available under Contract Form No. 97010 and Contract Form No. 97011. (Filed herewith)
- (B) Specimen form of Roth Individual Retirement Annuity Disclosure Statement available under Contract Form No. 97010 and Contract Form No. 97011. (Filed herewith)
- (ii) Specimen form of Individual Retirement Annuity Endorsement. (4)
- (iii) Specimen form of IRA Instruction Form. (6)
- 5 (a) (i) Specimen form of Application for Contract Form No. 97010 and Contract Form No. 97011. (8)
- (ii) Specimen form of April 1, 1998 amended Application for Contract form No. 97010 and Contract Form No. 97011. (9)
- (iii) Specimen form of amended Application for Contract Form No. 97010 and Contract Form No. 97011. (9)
- (iv) Specimen form of Application for Contract Form No. 97010 and Contract Form No. 97011, amended October 1, 1998. (11)
- (v) (A) Specimen form of Application for Contract Form No. 97010 and Contract Form No. 97011, amended March 1, 1999. (11)
- (B) Specimen form of Application for Contract Form No. 97010 and Contract Form No. 97011, amended May 1, 2000. (13)
- (C) Specimen form of Application limited to financial institution sales in Florida for Contract Form No. 97010 and Contract Form No. 97011, amended May 1, 2000. (13)
- (D) Specimen form of Oregon Application for Contract Form No. 97010 and Contract Form No. 97011, amended May 1, 2000. (13)
- (E) Specimen form of Application (Form No. L 8908-97 REV 0399) for Contract Form No. 97010 and Contract Form No. 97011, amended May 1, 2001. (14)
- (F) Specimen form of Application (Form No. 8908-10 REV 0500) limited to financial institution sales in Florida for Contract Form No. 97010 and Contract Form No 97011, amended May 1, 2001. (14)
- (G) Specimen form of Oregon Application (Form No. 8908-38 REV 0600) for Contract Form No. 97010 and Contract Form No.

(vi) Specimen form of SNAP Annuity Ticket application. (8)

(b) (i) Election of Annuity Payment Option/Change Form. (5)

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(ii) Specimen form of Absolute Assignment to Effect Section 1035(a) Exchange and Rollover of a Life Insurance Policy or Annuity Contract. (6)

(c) (i) Contract Service Request, including telephone transfer authorization for Contract Form No. 97010 and Contract Form No. 97011. (8)

(ii) Contract Service Request, amended April 1, 1998, including telephone transfer authorization for Contract No. 97010 and Contract Form No. 97011. (9)

(iii) Amended Contract Service Request, including telephone transfer authorization for Contract No. 97010 and Contract Form No. 97011. (9)

(iv) (A) Contract Service Request, amended March 1, 1999, including telephone transfer authorization for Contract Form No. 97010 and Contract Form No. 97011. (11)

(B) Contract Service Request, amended May 1, 2000, including telephone transfer authorization for Contract Form No. 97010 and Contract Form No. 97011. (13)

(C) Form of Dollar Cost Averaging Enrollment Form for Contract Form No. 97010 and Contract Form No. 97011. (13)

(D) Contract Service Request, amended May 1, 2001, including telephone transfer authorization for Contract Form No. 97010 and Contract Form No. 97011. (14)

(v) Form of Authorization Limited to Execution of Transaction Requests for Contract. (4)

(vi) Form of Transaction Request Form. (6)

6 (a) Amended and Restated Articles of Incorporation of American General Life Insurance Company, effective December 31, 1991. (2)

(b) Bylaws of American General Life Insurance Company, adopted January 22, 1992. (7)

7 None

8 (a) Form of Letter Agreement between Sierra Investment Services Corporation and American General Life Insurance Company regarding expenses. (8)

(b) Administrative Services Agreement between American General Life Insurance Company and WM Advisors, Inc. dated as of October 2, 1998. (11)

(c) Amendment No. 1 to Administrative Services Agreement between American General Life Insurance Company and WM Advisors, Inc. dated as of January 1, 2000. (13)

(d) Form of Addendum to Service and Expense Agreement dated February 1, 1974, among American International Group, Inc. and various affiliate subsidiaries, including American General Life Insurance Company, American General Life Companies, LLC and American General Equity Services Corporation, effective May 1, 2004. (Filed herewith)

9 Opinion and consent of Counsel. (8)

10 Consent of Independent Registered Public Accounting Firm. (Filed herewith)

11 None

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12 None

13 (a) (i) (A) Computations of hypothetical historical standardized average

annual total returns for the Global Money Fund Division, available under Contract Form No. 97010 and Contract Form No. 97011 for the one year period ended December 31, 1996. (8)

- (B) Computations of hypothetical historical average annual total returns for the Money Market Fund, Short Term High Quality Bond Fund, U.S. Government Securities Fund, Income Fund, Growth & Income Fund, Growth Fund, Emerging Growth Fund, and International Growth Fund Divisions available under Contract Form No. 97010 and Contract Form No. 97011 for the one year period ended December 31, 1997. (9)
- (ii) (A) Computations of hypothetical historical non-standardized total returns for the Global Money Fund Division, available under Contract Form No. 97010 and Contract Form No. 97011 for the one year period ended December 31, 1996, and since inception. (8)
- (B) Computations of hypothetical historical total returns for the Money Market Fund, Short Term High Quality Bond Fund, U.S. Government Securities Fund, Income Fund, Growth & Income Fund, Growth Fund, Emerging Growth Fund, and International Growth Fund Divisions available under Contract Form No. 97010 and Contract Form No. 97011 for the one year period ended December 31, 1997, and since inception. (9)
- (iii) (A) Computations of hypothetical historical non-standardized cumulative total returns for the Global Money Fund Division, available under Contract Form No. 97010 and Contract Form No. 97011 for the one year period ended December 31, 1996, and since inception. (8)
- (B) Computations of hypothetical historical cumulative total returns for the Money Market Fund, Short Term High Quality Bond Fund, U.S. Government Securities Fund, Income Fund, Growth & Income Fund, Growth Fund, Emerging Growth Fund, and International Growth Fund Divisions available under Contract Form No. 97010 and Contract Form No. 97011 for the one year period ended December 31, 1997, and since inception. (9)
- (iv) Computations of hypothetical historical seven day yield and effective yield for the Global Money Fund Division, available under Contract Form No. 97010 and Contract Form No. 97011 for the seven day period ended December 31, 1996. (8)
- (v) (A) Computation of hypothetical historical non-standardized total return for the Mid Cap Stock Fund Division, available under Contract Form No. 97010 and Contract No. 97011, since inception. (12)
- (B) Computation of hypothetical historical non-standardized average annual total return for the Mid Cap Stock Fund, available under Contract Form No. 97010 and Contract No. 97011, since inception. (12)
- (C) Computation of hypothetical historical average annual total return for the Mid Cap Stock Fund, available under Contract Form No. 97010 and Contract No. 97011, since inception. (12)

14 Not Applicable.

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-
- (1) Incorporated by reference to initial filing of Form S-6 Registration Statement (File No. 2-49805) of American General Life Insurance Company Separate Account D filed on December 6, 1973.
 - (2) Incorporated by reference to initial filing of Form N-4 Registration Statement (File No. 33-43390) of American General Life Insurance Company Separate Account D filed on October 16, 1991.
 - (3) Incorporated by reference to Pre-Effective Amendment No. 1 to Form N-4 Registration Statement (File No. 33-43390) of American General Life Insurance Company Separate Account D filed on December 31, 1991.
 - (4) Incorporated by reference to Pre-Effective Amendment No. 1 to Form N-4 Registration Statement (File No. 33-57730) of American General Life Insurance Company Separate Account D filed on March 29, 1993.
 - (5) Incorporated by reference to Post-Effective Amendment No. 1 to Form N-4 Registration Statement (File No. 33-57730) of American General Life

Insurance Company Separate Account D filed on October 18, 1993.

- (6) Incorporated by reference to Post-Effective Amendment No. 3 to Form N-4 Registration Statement (File No. 33-57730) of American General Life Insurance Company Separate Account D filed on April 28, 1995.
- (7) Incorporated by reference to Post-Effective Amendment No. 1 to Form N-4 Registration Statement (File No. 33-43390) of American General Life Insurance Company Separate Account D filed on April 30, 1992.
- (8) Incorporated by reference to initial filing of Form N-4 Registration Statement (File No. 333-25549) of American General Life Insurance Company Separate Account D filed on February 12, 1997.
- (9) Incorporated by reference to Post-Effective Amendment No. 1 to Form N-4 Registration Statement (File No. 333-25549) of American General Life Insurance Company Separate Account D filed on April 1, 1998.
- (10) Incorporated by reference to Post-Effective Amendment No. 10 to Form N-4 Registration Statement (File No. 33-57730) of American General Life Insurance Company Separate Account D filed on April 21, 2000.
- (11) Previously filed in Post-Effective Amendment No. 2 to Form N-4 Registration Statement (File No. 333-25549) of American General Life Insurance Company Separate Account D filed on April 23, 1999.
- (12) Incorporated by reference to Post-Effective Amendment No. 11 to Form N-4 Registration Statement (File No. 33-47730) of American General Life Insurance Company Separate Account D filed on April 5, 2001.
- (13) Incorporated by reference to Post-Effective Amendment No. 3 to Form N-4 Registration Statement (File No. 333-25549) of American General Life Insurance Company Separate Account D filed on April 25, 2000.
- (14) Incorporated by reference to Post-Effective Amendment No. 4 to Form N-4 Registration Statement (File No. 333-25549) of American General Life Insurance Company Separate Account D filed on April 18, 2001.

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Item 25. Directors and Officers of the Depositor

The directors, executive officers, and, to the extent responsible for variable annuity operations, other officers of the depositor are listed below.

| Name and Principal Business Address | Positions and Offices with Depositor American General 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 |
| M. Bernard Aidinoff Sullivan and Cromwell 125 Broad Street New York, NY 10004 | Director |
| David J. Dietz 830 Third Avenue New York, NY 10022 | Director and Chairman-Affluent & Corporate Markets Profit Center |
| David L. Herzog 2929 Allen Parkway Houston, TX 77019 | Director |
| Richard A. Hollar 750 West Virginia Street Milwaukee, WI 53204 | Director, President-AIG Life Brokerage Profit Center and Chief Executive Officer-AIG Life Brokerage Profit Center |
| Royce G. Imhoff, II 2929 Allen Parkway Houston, TX 77019 | Director, President-Affluent & Corporate Markets Profit Center and Chief Executive Officer-Affluent & Corporate Markets Profit Center |
| Donald P. Kanak, Jr. 70 Pine Street New York, NY 10270 | Director |
| Richard J. Miller 2929 Allen Parkway Houston, TX 77019 | Director, President-Independent Advisory Network Profit Center and Chief Executive Officer-Independent Advisory Group |
| Ernest T. Patrikis | Director |

70 Pine Street
New York, NY 10270

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

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Name and Principal
Business Address

Positions and Offices with Depositor
American General Life Insurance Company

Christopher J. Swift
2929 Allen Parkway
Houston, TX 77019

Director, Chief Financial Officer and Executive Vice
President

James W. Weakley
2929 Allen Parkway
Houston, TX 77019

Director, President-Worksite Solutions Profit Center
and Chief Executive Officer-Worksite Solutions
Profit Center

Thomas L. Booker
2727 Allen Parkway
Houston, TX 77019

President-Structured Settlements/SPIA Profit Center

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

President-Agency Building Profit Center

Jeffrey H. Carlson
2727 Allen Parkway
Houston, TX 77019

Chief Information Officer and Senior Vice President

Steven D. Anderson
2727 Allen Parkway
Houston, TX 77019

Senior Vice President-Independent Advisory Group

Stephen A. Appleyard
2727 Allen Parkway
Houston, TX 77019

Senior Vice President-Accident & Health

David R. Armstrong
3600 Route 66
Neptune, NJ 07754

Senior Vice President

Erik A. Baden
2727 Allen Parkway
Houston, TX 77019

Senior Vice President

Wayne A. Barnard
2929 Allen Parkway
Houston, TX 77019

Senior Vice President

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

Senior Vice President

Rebecca G. Campbell
2929 Allen Parkway
Houston, TX 77019

Senior Vice President

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Name and Principal
Business Address

Positions and Offices with Depositor
American General Life Insurance Company

James A. Galli
830 Third Avenue
New York, NY 10022

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 Controller

| | |
|--|-----------------------|
| S. Douglas Israel 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 |
| 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 |

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| Name and Principal Business Address ----- | Positions and Offices with Depositor American General Life Insurance Company ----- |
|--|--|
| Dennis H. Roberts 2727 Allen Parkway Houston, TX 77019 | Senior Vice President |
| Richard C. Schuettner 750 West Virginia Street Milwaukee, WI 53204 | Senior Vice President |
| James P. Sennett 2727 Allen Parkway Houston, TX 77019 | Senior Vice President |
| James P. Steele 205 E. 10th Street Amarillo, TX 79101 | Senior Vice President |
| Robert E. Steele 205 E. 10th Street Amarillo, TX 79101 | Senior Vice President |
| Dan E. Trudan 750 West Virginia St. Milwaukee, WI 53204 | Senior Vice President |
| Frederic R. Yopps 750 West Virginia St. Milwaukee, WI 53204 | Senior Vice President |
| Steven E. Zimmerman 2727 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 |
| Michael B. Boesen | Vice President |

2727-A Allen Parkway
Houston, TX 77019

James B. Brown Vice President
2727 Allen Parkway
Houston, TX 77019

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Name and Principal Business Address Positions and Offices with Depositor
American General Life Insurance Company

Robert W. Chesner Vice President
2929 Allen Parkway
Houston, TX 77019

Valerie A. Childrey Vice President
750 West Virginia Street
Milwaukee, WI 53204

Mark E. Childs Vice President
2727 Allen Parkway
Houston, TX 77019

Robert M. Cicchi Vice President
2727 Allen Parkway
Houston, TX 77019

Donald L. Davis Vice President
205 E. 10th Street
Amarillo, TX 79101

Steven A. Dmytrack Vice President
2929 Allen Parkway
Houston, TX 77019

Timothy M. Donovan Vice President
2727 Allen Parkway
Houston, TX 77019

Farideh N. Farrokhi Vice President
2727-A Allen Parkway
Houston, TX 77019

Patrick Froze Vice President
750 West Virginia Street
Milwaukee, WI 53204

Frederick J. Garland, Jr. Vice President
2727 Allen Parkway
Houston, TX 77019

Lisa Gerhart Vice President
2727 Allen Parkway
Houston, TX 77019

Richard L. Gravette Vice President
2727-A Allen Parkway
Houston, TX 77019

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Kenneth J. Griesemer Vice President
6363 Forest Park Road
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

John Harmeling Vice President
2929 Allen Parkway
Houston, Texas 77019

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

| | |
|---|----------------|
| D. Leigh Harrington 2727 Allen Parkway Houston, TX 77019 | Vice President |
| Bradley Harris 2727 Allen Parkway Houston, TX 77019 | Vice President |
| Michael Harrison 2727 Allen Parkway Houston, TX 77019 | Vice President |
| Neal C. Hasty 6363 Forest Park Road Dallas, TX 75235 | Vice President |
| Keith C. Honig 1 SunAmerica Center Los Angeles, CA 90067 | Vice President |
| Walter P. Irby 2727 Allen Parkway Houston, TX 77019 | Vice President |
| Sharla A. Jackson 205 E. 10th Street Amarillo, TX 79101 | Vice President |
| David S. Jorgensen 2727-A Allen Parkway Houston, TX 77019 | Vice President |

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| | |
|---|----------------|
| Stephen C. Kennedy 750 West Virginia Street Milwaukee, WI 53204 | Vice President |
| Gary J. Kleinman 1 Chase Manhattan Place New York, NY 10005 | Vice President |
| Charles L. Levy 2727 Allen Parkway Houston, TX 77019 | Vice President |
| Linda 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 |
| Gwendolyn J. Mallett 2727 Allen Parkway Houston, TX 77019 | Vice President |
| W. Larry Mask 2727 Allen Parkway Houston, TX 77019 | Vice President |
| Gordon S. Massie 2929 Allen Parkway Houston, TX 77019 | Vice President |
| Melvin C. McFall 2727 Allen Parkway Houston, TX 77019 | Vice President |
| Richard D. McFarland 2727 Allen Parkway Houston, TX 77019 | Vice President |
| Candace A. Michael 2727 Allen Parkway Houston, TX 77019 | Vice President |

Anne K. Milio Vice President
2727 Allen Parkway
Houston, TX 77019

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Sylvia A. Miller Vice President
#1 Franklin Square
Springfield, IL 62713

Alex N. Moral Vice President-Product Design and Development
2727 Allen Parkway
Houston, TX 77019

Michael R. Murphy Vice President
750 West Virginia Street
Milwaukee, WI 53204

Carl T. Nichols Vice President
205 E. 10th Street
Amarillo, TX 79101

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

Rembert R. Owen, Jr. Vice President
2929 Allen Parkway
Houston, TX 77019

Lori J. Payne Vice President
2727 Allen Parkway
Houston, TX 77019

Kirsten M. Pedersen Vice President
2929 Allen Parkway
Houston, TX 77019

John W. Penko Vice President
2727 Allen Parkway
Houston, TX 77019

Cathy A. Percival Vice President
2727 Allen Parkway
Houston, TX 77019

Terri Robbins Vice President
175 Water Street
New York, NY 10038

Dale W. Sachtleben Vice President
#1 Franklin Square
Springfield, IL 62713

Robert C. Sage Vice President
2727 Allen Parkway
Houston, TX 77019

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Kristin Sather Vice President
1 Chase Manhattan Place
New York, NY 10005

Richard W. Scott Vice President
2929 Allen Parkway
Houston, TX 77019

Tom L. Scott Vice President
2929 Allen Parkway
Houston, TX 77019

T. Clay Spires Vice President
2929 Allen Parkway
Houston, TX 77019

Gregory R. Thornton Vice President
#1 Franklin Square
Springfield, IL 62713

Alan Vale Vice President

2929 Allen Parkway
Houston, TX 77019

Christian D. Weiss Vice President
#1 Franklin Square
Springfield, IL 62713

Bridgette Wilson Vice President
#1 Franklin Square
Springfield, IL 62713

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

Item 26. Persons Controlled by or Under Common Control with the Depositor or Registrant

The Registrant is a separate account of American General Life Insurance Company (Depositor). For a complete listing and diagram of all persons directly or indirectly controlled by or under common control with the Depositor of the Registrant, see below. The Depositor is an indirect wholly-owned subsidiary of American International Group, Inc. ("AIG"). An organizational chart for AIG can be found in Form 10-K, SEC file number 001-08787, accession number 0000950123-03-003570, filed March 31, 2003.

<TABLE>
<CAPTION>

| Name of Corporation* | Jurisdiction of Incorporation | % of Voting Securities Owned by its Immediate Parent |
|---|-------------------------------|--|
| <S> | <C> | <C> |
| American General Corporation | Texas | 100% |
| American General Bancassurance Services, Inc. | Illinois | 100% |
| USMRP, Ltd. | Turks & Caicos | 100% |

</TABLE>

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<TABLE>
<S>

| | <C> | <C> |
|--|-----------|----------|
| AGC Life Insurance Company | Missouri | 100% |
| 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% |
| American General Enterprise Services, LLC | Delaware | 100% |
| American General Equity Services Corporation | Delaware | 100% |
| American General Life Companies, LLC | Delaware | 100% |
| American General Life Insurance Company of New York | New York | 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%** |
| American General Property Insurance Company of Florida | Florida | 100% |
| AIG Annuity Insurance Company | Texas | 100% |
| North Central Life Insurance Company | Minnesota | 100% |
| North Central Caribbean Life, Ltd. | Nevis | 100% |

| | | |
|--|-----------|------|
| The Old Line Life Insurance Company of America | Wisconsin | 100% |
| The United States Life Insurance Company in the City of New York | New York | 100% |

</TABLE>

*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.

**Also owned 48.15% by American General Life and Accident Insurance Company.

Item 27. Number of Contract Owners

As of April 15, 2005, there were 13,128 owners of the Contracts, of which 4,282 were qualified Contracts and 8,846 were non-qualified Contracts.

Item 28. Indemnification

Article VII, section 1, of the Company's By-Laws provides, in part, that the Company shall have power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Company) by reason of the fact that such person is or was serving at the request of the Company, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interest of the Company and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful.

Article VII, section 1 (in part), section 2, and section 3, provide that the Company shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action by or in the right of the Company to procure a judgment in its favor by reason of the fact that such person is or was acting on behalf of the Company, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the Company, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

No indemnification shall be made under Article VII, section 1: (a) in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the Company, unless and only to the extent that the court in which such action was brought shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine; (b) of amounts paid in settling or otherwise disposing of a threatened or pending action with or without court approval; or

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(c) of expense incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval.

Article VII, section 3, provides that, with certain exceptions, any indemnification under Article VII shall be made by the Company only if authorized in the specific case, upon a determination that indemnification of the person is proper in the circumstances because the person has met the applicable standard of conduct set forth in section 1 of Article VII by: (a) a majority vote of a quorum consisting of directors who are not parties to such proceeding; (b) approval of the shareholders, with the shares owned by the person to be indemnified not being entitled to vote thereon; or (c) the court in which such proceeding is or was pending upon application made by the Company or the indemnified person or the attorney or other persons rendering services in connection with the defense, whether or not such application by the attorney or indemnified person is opposed by the Company.

Article VII, section 7, provides that for purposes of Article VII, those persons subject to indemnification include any person who is or was a director, officer, or employee of the Company, or is or was serving at the request of the Company as a director, officer, or employee of another foreign or domestic corporation which was a predecessor corporation of the Company or of another enterprise at the request of such predecessor corporation.

Section 12 of the Trust Participation Agreement that is incorporated by reference in Exhibit 3(c) (i) of this Registration Statement as amended by Form of First Amendment to the Trust Participation Agreement that is filed as Exhibit 3(c) (ii) to this Registration Statement are hereby incorporated by reference in response to this item. Section 12.1 thereof provides that the Company will indemnify The Sierra Variable Trust (the "Trust") and Sierra Investment Services Corporation (the "Distributor") and their directors, trustees, officers and controlling persons from losses and costs due to any misstatements or omissions

of material facts for which the Company is responsible in this Registration Statement or otherwise or due to the Company's failure to meet its obligations under the Trust Participation Agreement. Section 12.2 thereof provides that the Distributor will indemnify the Trust, the Company, American General Securities Incorporated ("AGSI") and their officers, trustees, employees and controlling persons from losses and costs due to any misstatements or omissions of material facts for which the Distributor or its affiliates are responsible in this Registration Statement or otherwise or as a result of any failure by the Trust or the Distributor to meet its obligations under the Trust Participation Agreement.

Section 6 of the Master Marketing and Distribution Agreement that is filed as Exhibit 3(a)(ii)(B) to this Registration Statement is hereby incorporated by reference in response to this item. Paragraph 5.1 thereof provides that the Company and AGSI will indemnify the Distributor and any other broker-dealer affiliated with the Distributor and contracted to sell the Contracts, and their officers, directors and controlling persons from losses and costs due to any misstatements or omissions of material facts for which the Company or AGSI is responsible in this Registration Statement or due to any negligent, illegal or fraudulent acts of the Company or AGSI. Paragraph 5.2 provides that the Distributor will indemnify the Company and AGSI, and their officers, directors and controlling persons from losses and costs due to any misstatements or omissions of material facts for which the Distributor or its affiliates are responsible in this Registration Statement, or as a result of any negligent, illegal or fraudulent acts or omissions by the Distributor.

The Agreement filed as Exhibit 3(d)(ii) to this Registration Statement is hereby incorporated by reference in response to this item. Pursuant to that Agreement, the Distributor and WM Advisors, Inc. agree to indemnify the Company and AGSI with respect to liabilities arising out of the negligence or bad faith of the Distributor, WM Advisors, Inc. or any sub-investment adviser to the Trust in performing their obligations to the Trust, including the obligations of WM Advisors, Inc. and the sub-investment advisers to operate the Trust in compliance with Sub-Chapter M and Section 817(h) of the Internal Revenue Code of 1986, as amended. The Distributor and the Adviser also agree to indemnify the Company and AGSI for 50% of any other liabilities or costs that they incur as a result of any failure of the Trust to comply with Sub-Chapter M or Section 817(h) that does not result from such negligence or bad faith.

The Distribution Agreement filed as Exhibit 3(a)(i) to this Registration Statement is hereby incorporated by reference in response to this item. Under part EIGHTH of that agreement, the Company agrees to indemnify AGSI from liabilities and costs that it may incur as a result of any misstatements or omissions of material facts in this

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Registration Statement or otherwise for which the Company is responsible; and AGSI agrees to indemnify the Company against costs and liabilities that the Company may incur as a result of any act of an employee of AGSI.

Insofar as indemnification for liability arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

Item 29. Principal Underwriters

- (a) Registrant's principal underwriter, American General Equity Services Corporation, also acts as principal underwriter for American General Life Insurance Company Separate Account A, which offers interests in variable annuities. American General Equity Services Corporation also acts as principal underwriter for certain other separate accounts of American General Life Insurance Company affiliates.

(b)

| | |
|-------------------------------------|---|
| Name and Principal Business Address | Positions and Offices with Underwriter |
| ----- | ----- |
| Rodney O. Martin, Jr. | Director and Chairman of the Board of Directors |
| 2929 Allen Parkway | |

Houston, TX 77019

Mark R. McGuire Director and Senior Vice President
2727 Allen Parkway
Houston, TX 77019

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

Gary D. Reddick Director
2929 Allen Parkway
Houston, TX 77019

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

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

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

Deanna D. Osmonson Vice President, Chief Compliance Officer and Anti-Money

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

2727 Allen Parkway Laundering Compliance Officer
Houston, TX 77019

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

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

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

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

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

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

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

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

(c) Not Applicable.

Item 30. Location of Records

All records referenced under Section 31(a) of the 1940 Act, and Rules 31a-1 through 31a-3 thereunder, are maintained and in the custody of American General Life Companies at its principal executive office located at 2727-A Allen Parkway, Houston, TX 77019.

Item 31. Management Services

None

Item 32. Undertakings

The Registrant undertakes: A) to file a post-effective amendment to this Registration Statement as frequently as is necessary to ensure that the audited financial statements in the Registration Statement are never more than 16 months

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old for so long as payments under the Contracts may be accepted; B) to include either (1) as part of any application to purchase a Contract offered by these prospectuses, a space that an applicant can check to request a Statement of Additional Information ("Statement"), or (2) a toll-free number or a post card or similar written communication affixed to or included in the applicable prospectus that the applicant can remove to send for a Statement; C) to deliver any Statement or financial statements required to be made available under this Form promptly upon written or oral request.

Representation Regarding Reasonableness of Aggregate Fees and Charges Deducted Under Contracts Pursuant Section 26(C)(2)(A) Investment Company Act of 1940

AGL represents that the fees and charges deducted under the Contracts, in the aggregate, are reasonable in relation to the services rendered, the expenses expected to be incurred, and the risks assumed by AGL.

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POWERS OF ATTORNEY

Each person whose signature appears below hereby appoints Robert F. Herbert, Jr., Gary D. Reddick and Kyle L. Jennings and each of them, any one of whom may act without the joinder of the others, as his/her attorney-in-fact to sign on his/her behalf and in the capacity stated below and to file all amendments to this Registration Statement, which amendment or amendments may make such changes and additions to this Registration Statement as such attorney-in-fact may deem necessary or appropriate.

SIGNATURES

As required by the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant, American General Life Insurance Company Separate Account D, certifies that it meets the requirements of the Securities Act of 1933 Rule 485(b) for effectiveness of this amended Registration Statement and has caused this amended Registration Statement to be signed on its behalf, in the City of Houston, and State of Texas on this 29th day of April, 2005.

AMERICAN GENERAL LIFE INSURANCE COMPANY
SEPARATE ACCOUNT D
(Registrant)

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

BY: /s/ ROBERT F. HERBERT, JR.

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

[SEAL]

ATTEST: /s/ LAUREN W. JONES

LAUREN W. JONES
ASSISTANT SECRETARY

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As required by the Securities Act of 1933, this amended Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

| Signature | Title | Date |
|---------------------------------------|--|----------------|
| ----- | ---- | ---- |
| /s/ ----- RODNEY O. MARTIN, JR. | Director, Chairman President and Chief Executive Officer | April 29, 2005 |

| | | |
|--------------------------------------|---|----------------|
| /s/ ----- CHRISTOPHER J. SWIFT | Director and Chief Financial Officer | April 29, 2005 |
| /s/ ----- M. BERNARD AIDINOFF | Director | April 29, 2005 |
| /s/ ----- DAVID J. DIETZ | Director | April 29, 2005 |
| /s/ ----- DAVID L. HERZOG | Director | April 29, 2005 |
| /s/ ----- RICHARD A. HOLLAR | Director | April 29, 2005 |
| /s/ ----- ROYCE G. IMHOFF II | Director | April 29, 2005 |
| /s/ ----- DONALD P. KANAK, JR. | Director | April 29, 2005 |

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| Signature ----- | Title ----- | Date ----- |
|------------------------------------|----------------|----------------|
| /s/ ----- RICHARD J. MILLER | Director | April 29, 2005 |
| /s/ ----- ERNEST T. PATRIKIS | Director | April 29, 2005 |
| /s/ ----- GARY D. REDDICK | Director | April 29, 2005 |
| /s/ ----- MARTIN J. SULLIVAN | Director | April 29, 2005 |
| /s/ ----- JAMES W. WEAKLEY | Director | April 29, 2005 |

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INDEX TO EXHIBITS

EXHIBIT NO.

- 4.(e)(i)(A) Specimen form of Individual Retirement Annuity Disclosure Statement available under Contract Form No. 97010 and Contract Form No. 97011.
- 4.(e)(i)(B) Specimen form of Roth Individual Retirement Annuity Disclosure Statement available under Contract Form No. 97010 and Contract Form No. 97011.
- 8(d) Form of Addendum to Service and Expense Agreement dated February 1, 1974, among American International Group, Inc. and various

affiliate subsidiaries, including American General Life Insurance Company, American General Life Companies, LLC and American General Equity Services Corporation, effective May 1, 2004.

10. Consent of Independent Registered Public Accounting Firm.

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(THIS DOCUMENT IS NOT PART OF A PROSPECTUS)

INDIVIDUAL RETIREMENT ANNUITY DISCLOSURE STATEMENT

INTRODUCTION

This Disclosure Statement is designed for owners of IRAs issued by American General Life Insurance Company, contributing on or after January 1, 2005.

This Disclosure Statement is not part of your annuity contract but contains general and standardized information which must be furnished to each person who is issued an Individual Retirement Annuity. You must refer to your annuity contract to determine your specific rights and obligations thereunder.

REVOCATION

If you are purchasing a new or rollover IRA, then if for any reason you, as a recipient of this Disclosure Statement, decide within 20 days from the date your annuity contract is delivered that you do not desire to retain your IRA, written notification to the Company must be mailed, together with your annuity contract, within that period. If such notice is mailed within 20 days, current annuity contract value or contributions if required, without adjustments for any applicable sales commissions or administrative expenses, will be refunded.

Mail notification of revocation and your annuity contract to:

American General Life Insurance Company
Annuity Administration Department
P. O. Box 1401
Houston, Texas 77251-1401
Phone No. (800) 277-0914 and (281) 878-7409

ELIGIBILITY

You are eligible to open an original (sometimes called "traditional" IRA) as long as you are under age 70 1/2 and provided you (or your spouse, if you file a joint return) have earned income. You may be able to deduct all or a portion of your contribution, depending on whether you are covered under an employer's retirement plan and your modified adjusted gross income (AGI). Under Internal Revenue Code ("Code") Section 219, if you are not an active participant (see A. below) in an employer's plan, you may make a contribution of up to the lesser of \$4,000 (\$4,500 if you are 50 or older) or 100% of compensation and take a deduction for the entire amount contributed. If you are a married individual filing a joint return, and your compensation is less than your spouse's, the total deduction will, in general, be the lesser of \$8,000 (\$9,000 if you are both 50 or older) or 100% of the combined earned income of both spouses, reduced by any deduction for an IRA purchase payment allowed to your spouse. If you are

an active participant, but have a modified AGI below a certain level (see B. below), you may still make a deductible contribution. If, however, you or your spouse is an active participant and your combined AGI is above the specified level, the amount of the deductible contribution you may make to an IRA will be reduced and eventually eliminated. If you make only deductible contributions to your IRA, your distributions will be fully taxable. If you make both deductible and non-deductible contributions to your traditional IRA, then you must track the amounts. Your distributions then will be partly taxable, depending on the amounts of each type of contribution.

A. Active Participant

You are an "active participant" for a year if you are covered by a retirement plan. You are covered by a "retirement plan" for a year if your employer or union has a retirement plan under which money is added to your account or you are eligible to earn retirement credits. For example, if you are covered under a profit-sharing plan, certain government plans, a salary reduction arrangement (such as a tax sheltered annuity arrangement or a 401(k) plan), a Simplified Employee Pension program (SEP), any Simple Retirement Account or a plan which promises you a

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retirement benefit which is based upon the number of years of service you have with the employer, you are likely to be an active participant. Your Form W-2 for the year should indicate your participation status.

You are an active participant for a year even if you are not yet vested in your retirement benefit. Also, if you make required contributions or voluntary employee contributions to a retirement plan, you are an active participant. In certain plans, you may be an active participant even if you were only with the employer for part of the year.

You are not considered an active participant if you are covered in a plan only because of your service as 1) an Armed Forces Reservist for less than 90 days of active service, or 2) a volunteer firefighter covered for firefighting service by a government plan. Of course, if you are covered in any other plan, these exceptions do not apply.

B. Modified Adjusted Gross Income (AGI)

If you are an active participant, you must look at your modified Adjusted Gross Income ("AGI") for the year (if you and your spouse file a joint tax return, you use your combined modified AGI) to determine whether you can make a deductible IRA contribution. Your tax return will show you how to calculate your AGI for this purpose. If you are at or below a certain AGI level, called the Threshold Level, you are treated as if you were not an active participant and can make a deductible contribution under the same rules as a person who is not an active participant.

For 2005, if you are single, the Threshold Level is \$50,000 and you may take a partial deduction up to an AGI of \$60,000; if you are married and file a joint tax return, the Threshold Level is \$70,000 and a partial deduction is available up to an AGI of \$80,000. If you are married but file a separate tax return, a partial deduction is available up to an AGI of \$10,000. The Threshold level may increase each year. You may want to check Internal Revenue Service Publication 590, Individual Retirement Arrangements, available online at www.irs.ustreas.gov, or check with your tax advisor.

If you are married, (i) filed a separate tax return, and did not live with your spouse at any time during the year, or (ii) filed a joint return and have a joint AGI of less than \$150,000, your spouse's active participation will not affect your ability to make deductible contributions. If you are married and file jointly, your deduction will be phased out between an AGI of \$150,000 to \$160,000.

NON-DEDUCTIBLE CONTRIBUTIONS TO IRAs

Even if you are above the Threshold Level and thus may not make a deductible contribution of up to \$4,000 (\$4,500 if you are 50 or older) (or up to \$8,000 in the case of married individuals filing a joint return, or up to \$9,000 if you are both 50 or older), you may still make a nondeductible contribution up to these limits. The amount of your contribution which is not deductible will be a non-deductible contribution to the IRA. You may also choose to make a contribution non-deductible even if you could have deducted part or all of the contribution. Interest or other earnings on your IRA contribution, whether from deductible or non-deductible contributions, will not be taxable to you until taken out of your IRA and distributed to you.

If you make a non-deductible contribution to an IRA, you must report the amount of the non-deductible contribution to the IRS on Form 8606 as a part of your tax return for the year.

You may withdraw an IRA contribution made for a year any time before April 15 of the following year. If you do so, you must also withdraw the earnings attributable to that portion and report the earnings as income for the year for which the contribution was made. If some portion of your contribution is not deductible, you may decide either to withdraw the non-deductible amount, or to leave it in the IRA and designate that portion as a non-deductible contribution on your tax return.

IRA DISTRIBUTIONS

Generally, IRA distributions which are not rolled over (see "Rollover IRA Rules," below) are included in your gross income in the year they are received. Non-deductible IRA contributions, however, are made using income which has already been taxed (that is, they are not deductible contributions). Thus, the portion of the IRA distributions consisting of non-deductible contributions will not be taxed again when received by you. If you make any non-

deductible IRA contributions, each distribution from your IRA(s) will consist of a non-taxable portion (return of deductible contributions, if any, and account earnings).

Thus, you may not take a distribution which is entirely tax-free. The following formula is used to determine the non-taxable portion of your distributions for a taxable year:

$$\begin{array}{l} \text{Remaining} \\ \text{Non-Deductible Contributions} \quad \times \quad \text{Total Distributions} = \text{Nontaxable Distributions} \\ \text{-----} \\ \text{Year-End Total IRA Balances} \quad \quad \quad \text{(for the year)} \quad \quad \quad \text{(for the year)} \end{array}$$

To figure the year-end total IRA balance, you treat all of your IRAs as a single IRA. This includes all regular IRAs (whether accounts or annuities), as well as Simplified Employee Pension (SEP) IRAs, and Rollover IRAs. You also add back the distributions taken during the year.

Example: An individual makes the following contributions to his or her IRA(s).

| Year | Deductible | Non-Deductible |
|---|------------|----------------|
| ----- | ----- | ----- |
| 1991 | \$2,000 | |
| 1992 | 1,800 | |
| 1995 | 1,000 | \$1,000 |
| 1997 | 600 | 1,400 |
| | ----- | ----- |
| | \$5,400 | \$2,400 |
| Deductible Contributions: | | \$5,400 |
| Non-Deductible Contributions: | | 2,400 |
| Earnings on IRAs: | | 1,200 |
| | | ----- |
| Total Account Balance of IRA(s) as of 12/31/00: | | \$9,000 |
| (before distributions in 2000). | | |

In 2000, the individual takes a distribution of \$3,000. The total account balance in the IRAs on 12/31/00 before 2000 distributions is \$9,000. The non-taxable portion of the distributions for 2000 is figured as follows:

| | |
|---|---------------------------|
| Total non-deductible contributions | \$2,400 x \$3,000 = \$800 |
| | ----- |
| Total account balance in the IRAs, before distributions | \$9,000 |

Thus, \$800 of the \$3,000 distribution in 2000 will not be included in the

individual's taxable income. The remaining \$2,200 is taxable for 2000.

ROLLOVER IRA RULES

1. IRA to IRA

You may withdraw, tax-free, all or part of the assets from an IRA and reinvest them in one or more IRAs. The reinvestment must be completed within 60 days of receipt of the withdrawal. No IRA deduction is allowed for the reinvestment. Amounts required to be distributed because the individual has reached age 70 1/2 may not be rolled over. The rollover of one IRA to another may be made no more than once during a one year period.

2. Employer Plan Distributions to IRA

All taxable distributions (known as "eligible rollover distributions") from qualified pension, profit-sharing, stock bonus, tax sheltered annuity plans and section 457(b) deferred compensation plans of governmental employees may be rolled over to an IRA, with the exception of (1) annuities paid over a life or life expectancy, (2) installments for a period of ten years or more, and (3) required minimum distributions under section 401(a)(9).

Rollovers may be accomplished in two ways. First, you may elect to have an eligible rollover distribution paid directly to an IRA (a "direct rollover"). Second, you may receive the distribution directly and then, within 60 days of receipt, roll the amount over to an IRA. Under the law, however, any amount that you elect not to have distributed as a direct rollover will be subject to 20 percent income tax withholding, and, if you are younger than age 59 1/2, may

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result in a 10% excise tax on any amount of the distribution that is included in income. Questions regarding distribution options under the Act should be directed to your Plan Trustee or Plan Administrator, or may be answered by consulting IRS Regulations (S)1.401(a)(31)-1, (S)1.402(c)-2T and (S)31.3405(c)-1.

PENALTIES FOR PREMATURE DISTRIBUTIONS

If you receive a distribution from your IRA before you reach age 59 1/2, an additional tax of 10 percent will be imposed under Code (S)72(t), unless the distribution (a) occurs because of your death or disability, (b) is for certain medical care expenses or to an unemployed individual for health insurance premiums, (c) is received as a part of a series of substantially equal payments over your life or life expectancy or over the lives or life expectancy of you and your beneficiary, (d) the distribution is contributed to a rollover IRA, (e) is used for a qualified first time home purchase for you, your spouse, children, grandchildren, or ancestor, subject to a \$10,000 lifetime maximum or (f) is for higher education purposes for you, your spouse, children or grandchildren.

MINIMUM DISTRIBUTIONS

Under the rules set forth in Code (S)408(b)(3) and (S)401(a)(9), you may not leave the funds in your annuity contract indefinitely. Certain minimum distributions are required. These required minimum distributions may be taken in one of two ways: (a) by withdrawing the balance of your annuity contract by a "required beginning date," usually April 1 of the year following the date at which you reach age 70 1/2; or (b) by withdrawing periodic distributions of the balance in your annuity contract by the required beginning date.

Generally, required minimum distributions are calculated using the IRS' Uniform Lifetime table regardless of IRA beneficiary with the exception of spousal beneficiaries more than 10 years younger than the participant in which case the actual joint life expectancy of the participant and spouse may be used. One of the regulations requires that the annuity contract value used to determine required minimum distributions include the actuarial value of other benefits under the contract, such as optional death benefits. This regulation does not apply to required minimum distributions made under an irrevocable annuity income option. You should discuss the effect of these regulations with your tax advisor.

If you do not satisfy the minimum distribution requirements, then, pursuant to Code (S)4974, you may have to pay a 50% excise tax on the amount not distributed as required that year.

The foregoing minimum distribution rules are discussed in detail in IRS Publication 590, "Individual Retirement Arrangements."

REPORTING

You are required to report penalty taxes due on excess contributions, excess accumulations, premature distributions, and prohibited transactions. Currently, IRS Form 5329 is used to report such information to the Internal Revenue Service.

PROHIBITED TRANSACTIONS

Neither you nor your beneficiary may engage in a prohibited transaction, as that term is defined in Code (S)4975.

Borrowing any money from this IRA would, under Code (S)408(e)(3), cause the annuity contract to cease to be an Individual Retirement Annuity and would result in the value of the annuity being included in the owner's gross income in the taxable year in which such loan is made.

Use of this annuity contract as security for a loan from the Company, if such loan were otherwise permitted, would, under Code (S)408(e)(4), cause the portion so used to be treated as a taxable distribution.

EXCESS CONTRIBUTIONS

Tax Code (S)4973 imposes a 6% excise tax as a penalty for an excess contribution to an IRA. An excess contribution is the excess of the deductible and nondeductible amounts contributed by the Owner to an IRA for that year over the lesser of his or her taxable compensation or \$4,000. (Different limits apply in the case of a spousal IRA

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arrangement.) If the excess contribution is not withdrawn by the due date of your tax return (including extensions) you will be subject to the penalty. This 6% excise tax is required to be paid each year that the excess contribution remains in the IRA.

IRS APPROVAL

Your annuity contract and IRA endorsement have been approved by the Internal Revenue Service as a tax qualified Individual Retirement Annuity. When received, such approval by the Internal Revenue Service is a determination only as to the form of the annuity and does not represent a determination of the merits of such annuity.

This disclosure statement is intended to provide an overview of the applicable tax laws relating to Individual Retirement Arrangements. It is not intended to constitute a comprehensive explanation as to the tax consequences of your IRA. As with all significant transactions such as the establishment or maintenance of, or withdrawal from an IRA, appropriate tax and legal counsel should be consulted. Further information may also be acquired by contacting your IRS District Office or consulting IRS Publication 590.

FINANCIAL DISCLOSURE

(WM Strategic Asset Manager, Form Nos. 97010 and 97011)

This Financial Disclosure is applicable to IRAs using a WM Strategic Asset Manager Variable Annuity (contract form numbers 97010 and 97011) purchased from American General Life Insurance Company on or after January 1, 2002. Earnings under variable annuities are not guaranteed, and depend on the performance of the investment option(s) selected. As such, earnings cannot be projected. Set forth below are the charges associated with such annuities.

Charges:

- (a) Annual contract maintenance charge of \$35 deducted at the end of each contract year (waived if cumulative contributions are \$50,000 or more).
- (b) A maximum charge of \$25 for each transfer, in excess of 12 free transfers annually, of contract value between divisions of the Separate Account.

- (c) To compensate for mortality and expense risks assumed under the contract, variable divisions only will incur a daily charge at an annualized rate of 1.25% of the average Separate Account Value of the contract during both the Accumulation and the Payout Phase.
- (d) Premium taxes, if applicable, may be charged against Accumulation Value at time of annuitization or upon the death of the Annuitant. If a jurisdiction imposes premium taxes at the time purchase payments are made, the Company may deduct a charge at that time, or defer the charge until the purchase payments are withdrawn, whether on account of a full or partial surrender, annuitization, or death of the Annuitant.
- (e) If the contract is surrendered, or if a withdrawal is made, there may be a Surrender Charge. The Surrender Charge equals the sum of the following:

7% of purchase payments for surrenders and withdrawals made during the first contract year following receipt of the purchase payment surrendered;

6% of purchase payments for surrenders and withdrawals made during the second contract year following receipt of the purchase payment surrendered;

5% of purchase payments for surrenders and withdrawals made during the third contract year following receipt of the purchase payment surrendered;

5% of purchase payments for surrenders and withdrawals made during the fourth contract year following receipt of the purchase payment surrendered;

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4% of purchase payments for surrenders and withdrawals made during the fifth contract year following receipt of the purchase payment surrendered;

3% of purchase payments for surrenders and withdrawals made during the sixth contract year following receipt of the purchase payment surrendered;

2% of purchase payments for surrenders and withdrawals made during the seventh contract year following receipt of the purchase payment surrendered.

There will be no charge imposed for surrenders and withdrawals made

during the eighth and subsequent contract years following receipt of the purchase payments surrendered.

Under certain circumstances described in the contract, portions of a partial withdrawal may be exempt from the Surrender Charge.

- (f) To compensate for administrative expenses, a daily charge will be incurred at an annualized rate of .15% of the average Separate Account Value of the contract during the Accumulation and the Payout Phase.
- (g) Each variable division will be charged a fee for asset management and other expenses deducted directly from the underlying fund during the Accumulation and Payout Phase. Total fees will range between 0.28% and 1.13%.

(THIS DOCUMENT IS NOT PART OF A PROSPECTUS)

ROTH INDIVIDUAL RETIREMENT ANNUITY (IRA) DISCLOSURE STATEMENT

INTRODUCTION

This Disclosure Statement is designed for owners of Roth IRAs issued by American General Life Insurance Company, contributing on or after January 1, 2005.

This Disclosure Statement is not part of your contract but contains general and standardized information which must be furnished to each person who is issued a Roth IRA. You must refer to your contract to determine your specific rights and obligations thereunder.

Revocation. If you are purchasing a new or rollover Roth IRA, then if for any reason you, as a recipient of this Disclosure Statement, decide within 10 days from the date your contract is delivered that you do not desire to retain your Roth IRA, written notification to the Company must be mailed, together with your contract, within that period. If such notice is mailed within 10 days, current contract value or contributions if required, without adjustments for any applicable sales commissions or administrative expenses, will be refunded.

MAIL NOTIFICATION OF REVOCATION AND YOUR CONTRACT TO:

American General Life Insurance Company
Annuity Administration Department
P. O. Box 1401
Houston, Texas 77251-1401
Phone No. (800) 277-0914 and (281) 878-7409

Deductibility. Contributions to your Roth IRA are not deductible on your personal income tax return. Your Roth IRA contributions are made with money that has already been taxed.

Eligibility. If your modified adjusted gross income (AGI) is less than the \$160,000 for married persons filing jointly or \$110,000 for single persons, you can contribute up to the amount of your earned income, but not more than \$3,000 in any one year if you are under age 50 or \$3,500 if you age 50 or older. Non-working spouses can contribute to a Roth IRA, provided the working spouse has at least as much earned income as both spouses will contribute to their respective Roth IRAs.

Contribution Limits. Contributions to your Roth IRA are subject to the limitations described in sections 408A and 219 of the Internal Revenue Code of 1986, as amended (the "Code"). In general, in 2005 you may contribute up to \$4,000 per year to your Roth IRA, or \$4,500 if you are age 50 or older. However, contributions to your Roth IRA must be aggregated with contributions to

traditional deductible or non-deductible IRAs for purposes of the annual limits. In addition, your contribution limit may be lower than \$4,000 or \$4,500 if your modified AGI exceeds a certain amount. For married individuals filing a joint return with AGI between \$150,000 and \$160,000, single individuals with AGI between \$95,000 and \$110,000 and married individuals filing separately with an AGI between \$0 and \$10,000, the \$4,000 or \$4,500 annual contribution limit is gradually phased out. These limits apply without regard to whether either spouse is an active participant, as that term is defined in Code section 219.

Applying the Contribution Limits. If your AGI exceeds the contribution limits described above, then you may determine the extent to which your contribution is phased out by using the following formula:

- (1) Start with your AGI.
- (2) Subtract from the amount in (1):
 - a) \$150,000 if filing a joint return
 - R-1
 - b) \$0 if married filing a separate return
 - c) \$95,000 if single, head of household or married filing a separate return and you lived apart from your spouse during the entire year.
- (3) Divide the result in (2) by \$15,000 (\$10,000 if filing a joint return).
- (4) Multiply your contribution limit (after reduction for any contributions to traditional IRAs) by the result in (3).
- (5) Subtract the result in (4) from your contribution limit before this reduction. The result is your reduced contribution limit.

You may round your reduced contribution limit up to the nearest \$10. If your reduced contribution limit is more than \$0, but less than \$200, increase the limit to \$200.

Example. You are a single individual (under age 50) with taxable compensation of \$113,000. You want to make the maximum allowable contribution to your Roth IRA for 2004. Your AGI for 2004 is \$100,000. You have not contributed to any traditional IRA, so your contribution limit before the AGI reduction is \$3,000. Your reduced Roth IRA contribution is \$1,340, figured as follows:

- (1) Modified AGI = \$100,000

(2) $\$100,000 - \$95,000 = \$5,000$

(3) $\$5,000$ divided by $\$15,000 = .3333$

(4) $\$3,000$ (contribution limit before adjustment) $\times .3333 = \$100$

(5) $\$3,000 - \$100 = \$2,900$.

Conversions or rollovers. Conversions or rollovers from a traditional IRA are only permitted for taxpayers whose AGI does not exceed \$100,000 in the year of the conversion or rollover. Neither conversions nor rollovers are permitted for married individuals filing separate returns. Conversions or rollovers from traditional IRAs to Roth IRAs are generally taxed entirely in the year of the conversion or rollover. Conversions or rollovers to your Roth IRA are permitted only from a traditional IRA or another Roth IRA. You may not convert or roll over directly to a Roth IRA from a qualified plan described in section 401(a) or 401(k) of the Code, or from an annuity described in section 403(b) of the Code.

Taxation of Distributions. Distributions from your Roth IRA will be treated first as withdrawals of your regular contributions, then withdrawals of conversion or rollover contributions, then finally any earnings. Therefore, distributions will be non-taxable to the extent of your investment in your Roth IRA. However, a distribution from your Roth IRA may be subject to a 10% penalty tax, even if the distribution is not otherwise taxable, if it is a distribution of a conversion or rollover amount within five years of the conversion or rollover. Your Roth IRA is not subject to the minimum distribution rules before death or to the incidental benefit rules, both of which are contained in section 401(a) (9).

Distributions from your Roth IRA which consist of earnings will be taxable unless they are:

1. Made at least five years after you established your first Roth IRA (whether the Roth IRA was established with regular contributions or conversion or rollover contributions); and
2. Made after you attain age 59 1/2, or for qualifying first-time homebuyer expenses (in accordance with section 72(t) (2) (F), or on account of your death or disability (as defined in section 72(m) (7)).

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Taxable distributions may also be subject to a 10% penalty tax unless you are over age 59 1/2 or you meet one of several other exceptions to the penalty tax. In general, the same exceptions to the 10% penalty tax that apply to traditional IRAs also apply to Roth IRAs. See IRS publication 590 for a discussion of the exceptions to the penalty tax.

Post-death distributions. Upon your death, distributions from your Roth IRA to

your beneficiary generally must commence by the end of the next calendar year and be paid over a period no longer than your beneficiary's life expectancy. Alternatively, your beneficiary can take a complete distribution of the balance of your Roth IRA account by the end of the fifth calendar year after your death.

Reporting. You are required to report penalty taxes due on excess contributions, excess accumulations, premature distributions, and prohibited transactions. Currently, IRS Form 5329 is used to report such information to the Internal Revenue Service.

Excess contributions. You may be subject to a six percent excise tax on excess contributions for every year that the excess contributions remain in the IRA if (1) contributions to your other individual retirement arrangements have been made in the same tax year, (2) your adjusted gross income exceeds the applicable limits in Article II of the endorsement for the tax year, or (3) you and your spouse's compensation does not exceed the amount contributed for both of you for the tax year. IRS Approval. This disclosure statement is intended to provide a general overview of the applicable tax laws relating to Roth Individual Retirement Annuities. It is not intended to constitute a comprehensive explanation as to the tax consequences of your Roth IRA. AS WITH ALL SIGNIFICANT TRANSACTIONS SUCH AS THE ESTABLISHMENT OR MAINTENANCE OF, OR WITHDRAWAL FROM A ROTH IRA, APPROPRIATE TAX AND LEGAL COUNSEL SHOULD BE CONSULTED. Further information may also be acquired by contacting your IRS District Office or consulting IRS Publication 590.

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FINANCIAL DISCLOSURE

WM STRATEGIC ASSET MANAGER VARIABLE ANNUITY (FORM NOS. 97010 AND 97011)

This Financial Disclosure is applicable to Roth IRAs using a WM Strategic Asset Manager Variable Annuity (contract form numbers 97010 or 97011) purchased from American General Life Insurance Company on or after January 1, 2005.

Earnings under variable annuities are not guaranteed, and depend on the performance of the investment option(s) selected. As such, earnings cannot be projected. Set forth below are the charges associated with such annuities.

CHARGES:

- (a) Annual contract maintenance charges of \$35 deducted at the end of each contract year (waived if cumulative contributions are \$50,000 or more).
- (b) A maximum charge of \$25 for each transfer, in excess of 12 free transfers annually, of contract value between divisions of the Separate Account.

- (c) To compensate for mortality and expense risks assumed under the contract, variable divisions only will incur a daily charge at an annualized rate of 1.25% of the average Separate Account Value of the contract during both the Accumulation and the Payout Phase.
- (d) Premium taxes, if applicable, may be charged against Accumulation Value at time of annuitization or upon the death of the Annuitant. If a jurisdiction imposes premium taxes at the time purchase payments are made, the Company may deduct a charge at that time, or defer the charge until the purchase payments are withdrawn, whether on account of a full or partial surrender, annuitization, or death of the Annuitant.
- (e) If the contract is surrendered, or if a withdrawal is made, there may be a Surrender Charge. The Surrender Charge equals the sum of the following:

7% of purchase payments for surrenders and withdrawals made during the first contract year following receipt of the purchase payments surrendered;

6% of purchase payments for surrenders and withdrawals made during the second contract year following receipt of the purchase payments surrendered;

5% of purchase payments for surrenders and withdrawals made during the third contract year following receipt of the purchase payments surrendered;

5% of purchase payments for surrenders and withdrawals made during the fourth contract year following receipt of the purchase payments surrendered;

4% of purchase payments for surrenders and withdrawals made during the fifth contract year following receipt of the purchase payments surrendered;

3% of purchase payments for surrenders and withdrawals made during the sixth contract year following receipt of the purchase payments surrendered;

2% of purchase payments for surrenders and withdrawals made during the seventh contract year following receipt of the purchase payments surrendered.

There will be no charge imposed for surrenders and withdrawals made during the eighth and subsequent contract years following receipt of the purchase payments surrendered.

Under certain circumstances described in the contract, portions of a partial withdrawal may be exempt from the Surrender Charge.

- (f) To compensate for administrative expenses, a daily charge will be incurred at an annualized rate of 0.15% of the average Separate Account Value of the contract during the Accumulation and the Payout Phase.
- (g) Each variable Division will be charged a fee for asset management and other expenses deducted directly from the underlying fund during the Accumulation and Payout Phase. Total fees will range between 0.28% and 1.13%, depending on the Division.

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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.

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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/

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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/

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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/

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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. 8 to the Registration Statement on Form N-4 (Registration Nos. 333-25549 and 811-02441) of our report dated April 29, 2005 relating to the consolidated financial statements of American General Life Insurance Company and our report dated April 29, 2005 relating to the financial statements and financial highlights of AGL Separate Account D which appear in such Registration Statement. We also consent to the references to us under the heading "Accounting and Auditing Experts" in such Registration Statement.

/s/ PRICEWATERHOUSECOOPERS LLP

Houston, Texas
April 29, 2005