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FORM 485BPOS

Post-effective amendments [Rule 485(b)]

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USL SEPARATE ACCOUNT USL VL-R

CIK: **101686** | IRS No.: **135459480** | State of Incorporation: **NY** | Fiscal Year End: **1231**
Type: **485BPOS** | Act: **33** | File No.: **333-105762** | Film No.: **05791276**

Mailing Address
830 THIRD AVENUE
NEW YORK NY 10022

Business Address
830 THIRD AVENUE
NEW YORK NY 10022
800-874-8743

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CIK: **101686** | IRS No.: **135459480** | State of Incorporation: **NY** | Fiscal Year End: **1231**
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Mailing Address
830 THIRD AVENUE
NEW YORK NY 10022

Business Address
830 THIRD AVENUE
NEW YORK NY 10022
800-874-8743

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

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

FORM N-6

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 [X]

Pre-effective Amendment No. []

Post-Effective Amendment No. [1]

and/or

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

Amendment No. [10]

THE UNITED STATES LIFE INSURANCE COMPANY IN THE CITY OF NEW YORK
SEPARATE ACCOUNT USL VL-R
(Exact Name of Registrant)

THE UNITED STATES LIFE INSURANCE COMPANY IN THE CITY OF NEW YORK
(Name of Depositor)

830 Third Avenue
New York, New York 10022
(Address of Depositor's Principal Executive Offices) (Zip Code)

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

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

Approximate Date of Proposed Public Offering: Continuous

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

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

If appropriate, check the following box:

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

PLATINUM INVESTOR (R) SURVIVOR II

LAST SURVIVOR FLEXIBLE PREMIUM VARIABLE LIFE INSURANCE POLICIES (the "Policies")
issued by The United States Life Insurance Company in the City of New York
("USL") through its Separate Account USL VL-R

This Prospectus is dated
May 2, 2005

This prospectus describes Platinum Investor Survivor II last survivor flexible premium variable life insurance Policies issued by USL. If there are any differences between this prospectus and your Policy, the provisions of your Policy will control. Platinum Investor Survivor II Policies provide life insurance coverage with flexibility in death benefits, premium payments and investment options. During the lifetimes of the contingent insureds you may

designate or change the beneficiary to whom Platinum Investor Survivor II pays the death benefit upon the last surviving contingent insured's death. You choose one of two death benefit options. We guarantee a death benefit if the monthly guarantee premium is paid and your Policy has not lapsed.

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

The Index of Special Words and Phrases on page 58 will refer you to pages that contain more about many of the words and phrases that we use. All of the words and phrases listed in the Index will be underlined and written in bold the first time they appear in this prospectus.

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

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

- .. AIM Variable Insurance Funds ("AIM V.I.")
- .. The Alger American Fund ("Alger American")
- .. American Century Variable Portfolios, Inc. ("American Century VP")
- .. Credit Suisse Trust ("Credit Suisse Trust")
- .. Dreyfus Investment Portfolios ("Dreyfus IP")
- .. Dreyfus Variable Investment Fund ("Dreyfus VIF")
- .. Fidelity(R)Variable Insurance Products ("Fidelity(R)VIP")
- .. Franklin Templeton Variable Insurance Products Trust ("Franklin Templeton VIP")
- .. Janus Aspen Series ("Janus Aspen")
- .. J.P. Morgan Series Trust II ("JPMorgan ST II")
- .. MFS(R) Variable Insurance Trust(SM) ("MFS(R) VIT")
- .. Neuberger Berman Advisers Management Trust ("Neuberger Berman AMT")
- .. Oppenheimer Variable Account Funds ("Oppenheimer")
- .. PIMCO Variable Insurance Trust ("PIMCO VIT")
- .. Putnam Variable Trust ("Putnam VT")
- .. SunAmerica Series Trust ("SunAmerica ST")
- .. The Universal Institutional Funds, Inc. ("UIF")
- .. VALIC Company I ("VALIC Co. I")
- .. Van Kampen Life Investment Trust ("Van Kampen LIT")
- .. Vanguard(R) Variable Insurance Fund ("Vanguard VIF")

See "Variable Investment Options" on page 20 for a complete list of the variable investment options and the respective advisers and sub-advisers of the corresponding Funds. You should also read the prospectuses of the Funds underlying the variable investment options that may interest you. You can request free copies from your USL representative or from our Administrative Center shown under "Contact Information" on page 5.

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

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

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

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

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

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

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CONTACT INFORMATION

Addresses and telephone numbers: Here is how you can contact us about the Platinum Investor Survivor II Policies.

<S>	<C>	<C>	<C>
ADMINISTRATIVE CENTER:	HOME OFFICE:	PREMIUM PAYMENTS:	PREMIUM PAYMENTS:
(Express Delivery) VUL Administration 2727-A Allen Parkway Houston, Texas 77019-2191 1-713-831-3913, 1-800-251-3720 (Hearing Impaired) 1-888-436-5258 Fax: 1-713-620-6653 (Except premium payments)	(U.S. Mail) VUL Administration P. O. Box 4880 Houston, Texas 77210-4880	830 Third Avenue New York, New York 10022 1-212-709-6000	(Express Delivery) The United States Life Insurance Company in the City of New York Payment Processing Center 8430 West Bryn Mawr Avenue 3rd Floor Lockbox Chicago, IL 62713 (U.S. Mail) The United States Life Insurance Company in the City of New York Payment Processing Center P. O. Box 0814 Carol Spring,, IL 60132-0814

ELECTRONIC SERVICES

Now, with E-DELIVERY you can electronically receive certain documents we currently mail, including annual Policy and Fund prospectuses. You can choose E-mail or CD ROM. You can also choose E-SERVICE capabilities to access on-line services for your Policy, such as transferring values among investment options and changing allocations for future premiums. You may select or cancel E-DELIVERY and E-SERVICE at any time. For more information, see page 19 of this prospectus. To request E-DELIVERY or E-SERVICE, take the following action:

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

</TABLE>

POLICY BENEFITS/RISKS SUMMARY

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

and other provisions in more detail.

POLICY BENEFITS

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

You may currently allocate your accumulation value among the 50 variable investment options available under the Policy, each of which invests in an underlying Fund (each available portfolio is referred to in this prospectus as a "Fund" and collectively, the "Funds"), and the Fixed Account, which credits a specified rate of interest.

Your accumulation value will vary based on the investment performance of the variable investment options you choose and interest credited to the Fixed Account.

Your Specified Amount of Insurance

In your application to buy a Platinum Investor Survivor II Policy, you tell us how much life insurance coverage you want. We call this the "specified amount" of insurance. We will increase the death benefit by any additional specified amount under a benefit rider. Platinum Investor Survivor II is available for specified amounts of \$500,000 or more. The specified amount consists of what we refer to as "base coverage" plus any "supplemental coverage" you select. You decide how much base coverage and how much supplemental coverage you want. Base coverage must be at least 10% of the specified amount. We pay compensation to your insurance agent's broker-dealer for the sale of both base and supplemental coverages. We pay a different level of compensation based on the amounts of base and supplemental coverages you select. See "Base Coverage and Supplemental Coverage" on page 27.

Death Benefit

.. Death Benefit Proceeds: We pay the death benefit proceeds (reduced by any outstanding Policy loans and increased by any unearned loan interest we may have already charged) to the beneficiary upon the death of the last surviving contingent insured. We provide a guarantee of a death benefit, contingent upon payment of the required premiums, equal to the specified amount (less any indebtedness) and any applicable benefit riders during the first 5 Policy years. This guarantee is not applicable if your Policy has lapsed.

.. Death Benefit Option 1 and Option 2: You may choose between two death benefit options under the Policy. You can choose either death benefit Option 1 or Option 2 at the time of your

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application or at any later time before the death of the last surviving contingent insured. You must choose one of the two Options at the time we issue your Policy.

. Death Benefit Option 1 is the specified amount on the date of the last surviving contingent insured's death; or

. Death Benefit Option 2 is the sum of (a) the specified amount on the date of the last surviving contingent insured's death and (b) the Policy's accumulation value as of the date of the last surviving contingent insured's death.

Federal tax law may require us to increase payment under either of the above death benefit Options. See "Required minimum death benefit" on page 25.

Full Surrenders, Partial Surrenders, Transfers, and Policy Loans

.. Full Surrenders: At any time while the Policy is in force, you may surrender your Policy in full. If you do, we will pay you the accumulation value, less any Policy loans, plus any unearned loan interest, and less any surrender charge that then applies. We call this amount your "cash surrender value." You cannot reinstate a surrendered Policy. A full

surrender may have adverse tax consequences.

- .. Partial Surrenders: You may, at any time after the first Policy year, make a partial surrender of your Policy's cash surrender value. A partial surrender must be at least \$500. We do not allow partial surrenders that would reduce the death benefit below \$500,000. A partial surrender may have adverse tax consequences.
- .. Transfers: Within certain limits, you may make transfers among the variable investment options and the Fixed Account. You may make up to twelve transfers of accumulation value among the variable investment options in each Policy year without charge. We will assess a \$25 charge for each transfer after the 12th transfer in a Policy year. There are special limits on transfers involving the Fixed Account.
- .. Policy Loans: You may take a loan from your Policy at any time. The maximum loan amount you may take is equal to your Policy's cash surrender value less the loan interest that will be payable on your loan to your next Policy anniversary. The minimum loan you may take is \$500 or, if less, an amount equal to your Policy's cash surrender value less the loan interest payable through your next Policy anniversary. We charge you interest on your loan at an annual effective rate of 4.75%. We credit interest on loaned amounts; we guarantee an annual effective interest rate of 4%. After the tenth Policy year, you may take a preferred loan from your Policy. You may increase your risk of lapse if you take a loan. Loans may have adverse tax consequences.

Premiums

- .. Flexibility of Premiums: After you pay the initial premium, you can pay subsequent premiums at any time (prior to the Policy's maturity) and in any amount (but not less than \$25). You can select a premium payment plan to pay "planned periodic premiums" quarterly, semiannually, or annually. You are not required to pay premiums according to the plan. After payment of your initial premium, you need only invest enough to ensure your Policy's cash surrender value stays

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above zero or that the first 5 Policy year benefit (described under "Monthly guarantee premiums" on page 28) remains in effect. You may also choose to have premiums automatically deducted monthly from your bank account or other source under our automatic payment plan. Under certain circumstances, we may limit the amount of a premium payment or reject a premium payment.

- .. Free Look: When you receive your Policy, the free look period begins. You may return your Policy during this period and receive a refund. We will refund the greater of (i) any premium payments received by us or (ii) your accumulation value plus any charges that have been deducted prior to allocation to your specified investment options. The free look period generally expires 10 days after you receive the Policy.

The Policy

- .. Ownership Rights: While the contingent insureds are living, you, as the owner of the Policy, may exercise all of the rights and options described in the Policy. These rights include selecting and changing the beneficiary, changing the owner, and assigning the Policy.
- .. Separate Account: You may direct the money in your Policy to any of the variable investment options of the Separate Account. Each variable investment option invests exclusively in one of the Funds listed in this prospectus.
- .. Fixed Account: You may place amounts in the Fixed Account where it earns interest at the rate of 3% annually. We may declare higher rates of interest, but are not obligated to do so.
- .. Accumulation Value: Your accumulation value is the sum of your amounts in the variable investment options and the Fixed Account. Accumulation value varies from day to day, depending on the investment performance of the variable investment options you choose, interest we credit to the Fixed Account, charges we deduct, and any other transactions (e.g., transfers, partial surrenders and loans).
- .. Payment Options: There are several ways of receiving proceeds under the death benefit, surrender, and maturity provisions of the Policy, other than in a lump sum. More detailed information concerning these payment options

is available on request from our Administrative Center shown under "Contact Information" on page 5.

.. Tax Benefits: The Policy is designed to afford the tax treatment normally accorded life insurance contracts under federal tax law. Generally, under federal tax law, the death benefit under a qualifying life insurance policy is excludable from the gross income of the beneficiary. This means that under a qualifying life insurance policy, cash value builds up on a tax deferred basis and transfers of cash value among the available investment options under the policy may be made tax free. Under a qualifying life insurance policy that is not a modified endowment contract ("MEC"), the proceeds from Policy loans would not be taxed. If the Policy is not a MEC, distributions after the 15th Policy year generally will be treated first as a return of basis or investment in the Policy and then as taxable income. Moreover, loans will generally not be treated as distributions. Finally, neither distributions nor loans from a Policy that is not a MEC are subject to the 10% penalty tax.

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Supplemental Benefits and Riders

We offer riders that provide supplemental benefits under the Policy. If you select the Maturity Extension Rider-Death Benefit version, a charge, which is shown on page 3 of your Policy, will be deducted from your accumulation value on each monthly deduction date. Eligibility for and changes in these benefits are subject to our rules and procedures as in effect from time to time.

POLICY RISKS

Investment Risk

The Policy is not suitable as a short-term investment. We designed the Policy to meet long-term financial goals. In the Policy's early years, if the total charges exceed total premiums paid or if your investment choices perform poorly, your Policy may not have any cash surrender value. The surrender charge is large enough in the Policy's early years so that if you fully surrender your Policy you may receive no cash surrender value. If you take multiple partial surrenders, your accumulation value may not cover required charges and your Policy would lapse.

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

If you allocate net premiums to the Fixed Account, then we credit your accumulation value (in the Fixed Account) with a declared rate of interest, but you assume the risk that the rate may decrease, although it will never be lower than a guaranteed minimum annual effective rate of 3%.

Risk of Lapse

During the first 5 Policy year benefit period discussed on page 28, your Policy will not enter a grace period or terminate if the Monthly Guarantee Premium has been met. After expiration of this benefit, if your cash surrender value is not enough to pay the charges deducted against your accumulation value each month, your Policy may enter a 61-day grace period. We will notify you that the Policy will lapse (terminate without value) at the end of the grace period unless you make a sufficient payment. Your Policy may also lapse if outstanding Policy loans plus any accrued interest payable exceeds the cash surrender value. While the first 5 Policy year benefit is applicable to your Policy, if you pay the monthly guarantee premiums your Policy will not lapse and we will provide at least an Option 1 death benefit.

Tax Risks

We anticipate that the Policy should generally be deemed a life insurance contract under federal tax law. However, due to limited guidance under the federal tax law, there is some uncertainty about the application of the federal tax law to the Policy, particularly if you pay the full amount of premiums permitted under the Policy. Although USL believes that the Policies are in compliance with

Section 7702 of the Internal Revenue Code of 1986, as amended (the "Code"), the manner in which Section 7702 should be applied to certain features of a last survivor life insurance policy is not directly addressed by Section 7702. In the absence of final regulations or other guidance issued under Section 7702 there is necessarily some uncertainty whether survivor life insurance policies, like the Platinum Investor Survivor II Policies will meet the Section 7702 definitions of a life insurance contract. Please consult a tax adviser about these consequences.

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

See "Federal Tax Considerations" on page 50. You should consult a qualified tax adviser for assistance in all Policy-related tax matters.

Partial Surrender and Full Surrender Risks

The surrender charge under the Policy applies for the first 14 Policy years (and for a maximum of the first 14 Policy years after any requested increase in the Policy's base coverage) in the event you surrender the Policy or decrease the base coverage. The surrender charge may be considerable. We will apply the surrender charge only to the base coverage portion of the specified amount. Any outstanding loan balance reduces the amount available to you upon a partial or full surrender. The surrender charge period depends on the age of the younger of the contingent insureds. It is possible that you will receive no cash surrender value if you surrender your Policy in the first few Policy years. You should purchase the Policy only if you have the financial ability to keep it in force for a substantial period of time. You should not purchase the Policy if you intend to surrender all or part of the accumulation value in the near future. We designed the Policy to meet long-term financial goals.

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

Policy Loan Risks

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

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

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

PORTFOLIO RISKS

A discussion of the risks of each Fund may be found in its prospectus. Please refer to the Funds' prospectuses for more information. You may request a copy of any or all of the Fund prospectuses by contacting us at the Administrative Center shown on page 5.

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

TABLES OF CHARGES

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

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

<TABLE>
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Transaction Fees			
Charge	When Charge is Deducted	Maximum Guaranteed Charge	Current Charge
<S> Premium Tax Charge	<C> Upon receipt of each premium payment	<C> 3.5%/1/ of each premium payment	<C> 2%/1/ of each premium payment
Premium Expense Charge	Upon receipt of each premium payment	5% of the premium payment remaining after deduction of the premium tax charge	5% of the premium payment remaining after deduction of the premium tax charge

</TABLE>

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

<TABLE>
<CAPTION>

Transaction Fees			
Charge	When Charge is Deducted	Maximum Guaranteed Charge	Current Charge
<S> Surrender Charge/1/	<C>	<C>	<C>
Maximum Charge—for a 72 year old female, preferred non-tobacco, and a 72 year old female, preferred non-tobacco with a specified amount of \$500,000, of which \$400,000 is base coverage	Upon a partial surrender or a full surrender of your Policy during the first 14 Policy years and during the first 14 Policy years following an increase in the Policy's base coverage	\$31.95 per \$1,000 of base coverage	\$31.95 per \$1,000 of base coverage
Minimum Charge—for a 90 year old male, standard tobacco and a 20 year old female, preferred non-tobacco with a specified amount of \$500,000, of which \$400,000 is base coverage	Upon a partial surrender or a full surrender of your Policy during the first 14 Policy years and during the first 14 Policy years following an increase in the Policy's base coverage	\$1.39 per \$1,000 of base coverage	\$1.39 per \$1,000 of base coverage
Example Charge—for a 60 year old male, preferred non-tobacco and a 60 year old female, preferred non-tobacco with a specified amount of \$500,000 of which \$400,000 is base coverage	Upon a partial surrender or a full surrender of your Policy during the first 14 Policy years and during the first 14 Policy years following an increase in the Policy's base coverage	\$19.88 per \$1,000 of base coverage	\$19.88 per \$1,000 of base coverage
Partial Surrender Processing Fee	Upon a partial surrender of your Policy partial	The lesser of \$25 or 2% of the surrender fee	\$10

Transfer Fee	Upon a transfer of accumulation value	\$25 for each transfer/2/	\$25 for each transfer/2/
Policy Loan Interest Charge	Annually (on your Policy anniversary)	4.75% of the loan balance	4.75% of the loan balance
Policy Owner Additional Illustration Charge	Upon each request for a Policy illustration after the first in a Policy year	\$25	\$0

</TABLE>

 /1/ The Surrender Charge will vary based on the contingent insureds' sex, age, premium class, Policy year and amount of base coverage. See "Base Coverage and Supplemental Coverage" on page 27. The Surrender Charges shown in the table may not be typical of the charges you will pay. Page 4C of your Policy will indicate the guaranteed Surrender Charges applicable to your Policy. More detailed information concerning your Surrender Charge is available on request from our Administrative Center shown under "Contact Information" on page 5 of this prospectus.

/2/ The first 12 transfers in a Policy year are free of charge.

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

<TABLE>
 <CAPTION>

Periodic Charges (other than Fund fees and expenses)			
Charge	When Charge is Deducted	Maximum Guaranteed Charge	Current Charge
<S>	<C>	<C>	<C>
Flat Monthly Charge	Monthly, at the beginning of each Policy month	\$10	\$10

Cost of Insurance Charge/1/			
Maximum Charge for the first Policy year-for a 90 year old male, standard tobacco and a 90 year old male, standard tobacco with a specified amount of \$500,000 of which \$400,000 is base coverage and \$100,000 is supplemental coverage	Monthly, at the beginning of each Policy month	\$4.55 per \$1,000 of net amount at risk attributable to base coverage; and \$4.55 per \$1,000 of net amount at risk attributable to supplemental coverage	\$0.28 per \$1,000 of net amount at risk attributable to base coverage; and \$0.28 per \$1,000 of net amount at risk attributable to supplemental coverage
Minimum Charge for the first Policy year-for a 20 year old female, preferred non-tobacco and a 20 year old female, preferred non-tobacco with a specified amount of \$500,000, of which \$400,000 is base coverage and \$100,000 is supplemental coverage	Monthly, at the beginning of each Policy month	\$0.01 per \$1,000 of net amount at risk/2/ attributable to base coverage; and \$0.01 per \$1,000 of net amount at risk attributable to supplemental coverage	\$0.01 per \$1,000 of net amount at risk attributable to base coverage; and \$0.01 per \$1,000 of net amount at risk attributable to supplemental coverage
Example Charge for the first Policy year-for a 60 year old male, preferred non-tobacco and a 60 year old female, preferred non-tobacco with a specified amount of \$500,000, of which \$400,000 is base coverage and \$100,000 is supplemental coverage	Monthly, at the beginning of each Policy month	\$0.01 per \$1,000 of net amount at risk attributable to base coverage; and \$0.01 per \$1,000 of net amount at risk attributable to supplemental coverage	\$0.01 per \$1,000 of net amount at risk attributable to base coverage; and \$0.01 per \$1,000 of net amount at risk attributable to supplemental coverage

</TABLE>

/1/ The Cost of Insurance Charge will vary based on the contingent insureds' sex, age, premium class, Policy year and base and supplemental coverage amounts. See "Base Coverage and Supplemental Coverage" on page 27. The Cost of Insurance Charges shown in the table may not be typical of the charges you will pay. Page 4B of your Policy will indicate the maximum guaranteed Cost of Insurance Charge applicable to your Policy. More detailed information concerning your Cost of Insurance Charge is available free of charge on request from our Administrative Center shown under "Contact Information" on page 5 of this prospectus. Also see "Preliminary Information Statement and Policy Summary" on page 23 of this prospectus. Policy illustrations, which show the impact of cost of insurance charges on Policy values, are free until you purchase a Policy. Thereafter we reserve the right to charge \$25 for each illustration after the first in each Policy year.

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

<TABLE>
<CAPTION>

Periodic Charges (other than Fund fees and expenses)			
Charge	When Charge is Deducted	Maximum Guaranteed Charge	Current Charge
<S> Monthly Expense Charge (per \$1,000 of base coverage)/1/	<C>	<C>	<C>
Maximum Charge—for a 90 year old male, standard tobacco and a 90 year old male, standard tobacco with a specified amount of \$500,000, of which \$400,000 is base coverage	Monthly, at the beginning of each Policy month. This charge is imposed during the first 4 Policy years and the first 4 Policy years following an increase in base coverage/2/	\$2.12 for each \$1,000 of base coverage	\$2.12 for each \$1,000 of base coverage
Minimum Charge—for a 20 year old female, preferred non-tobacco and a 20 year old female, preferred non-tobacco with a specified amount of \$500,000, of which \$400,000 is base coverage	Monthly, at the beginning of each Policy month. This charge is imposed during the first 4 Policy years and the first 4 Policy years following an increase in base coverage/2/	\$0.09 for each \$1,000 of base coverage	\$0.09 for each \$1,000 of base coverage
Example Charge—for a 60 year old male, preferred non-tobacco and a 60 year old female, preferred non-tobacco with a specified amount of \$500,000, of which \$400,000 is base coverage	Monthly, at the beginning of each Policy month. This charge is imposed during the first 4 Policy years and the first 4 Policy years following an increase in base coverage/2/	\$0.58 for each \$1,000 of base coverage	\$0.58 for each \$1,000 of base coverage
Daily Charge (mortality and expense risk fee)			
Policy years 1-15/3, 4/	Daily	annual effective rate of 0.75%	annual effective rate of 0.75%

</TABLE>

/1/ The monthly expense charge is applied only against each \$1,000 of base coverage, and not against the Policy's supplemental coverage. The monthly expense charge per \$1,000 of base coverage will vary based on the amount of base coverage and each of the contingent insured's sex, age and premium class. See "Base Coverage and Supplemental Coverage" on page 27. The monthly expense charge per \$1,000 of base coverage shown in the table may not be typical of the charges

you will pay. Page 4 of your Policy will indicate the initial monthly expense charge per \$1,000 of base coverage applicable to your Policy. Your Policy refers to this charge as the "Monthly Expense Charge For First Four Years." More detailed information covering your monthly expense charge per \$1,000 of base coverage is available on request from our Administrative Center, shown under "Contact Information" on page 5 of this prospectus, or your insurance representative. There is no additional charge for any illustrations which may show various amounts of base and supplemental coverage.

/2/ The charge assessed during the first 4 Policy years following an increase in base coverage is only upon the amount of the increase in base coverage.

/3/ After the 15th Policy year, the daily charge will be as follows:
 Policy years 16-30.....annual effective rate of 0.50%
 Policy years 31+.....annual effective rate of 0.15%
 These reductions in the amount of the daily charge are guaranteed.

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

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

<TABLE>
 <CAPTION>

Periodic Charges (optional benefit riders only)			
Optional Benefit Rider Charges	When Charge is Deducted	Maximum Guaranteed Charge	Current Charge
<S> Maturity Extension Rider Death Benefit Version	<C>	<C>	<C>
Initial Charge	Monthly beginning 9 years before your original maturity date	\$30 per \$1,000 of net amount at risk attributable to the Policy (without any riders)	\$5 per \$1,000 of net amount at risk attributable to the Policy (without any riders)

</TABLE>

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

Annual Fund Fees and Expenses (expenses that are deducted from the Fund assets)		
Charge	Maximum	Minimum
Total Annual Fund Operating Expenses for all of the Funds (expenses that are deducted from portfolio assets include management fees, distribution (12b-1) fees, and other expenses)/1/	1.26%	0.24%

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

/1/ Currently 13 of the Funds have contractual reimbursements or fee

waivers. These reimbursements or waivers expire on April 30, 2006. The impact of contractual reimbursements or fee waivers is as follows:

Charge	Maximum	Minimum
Total Annual Fund Operating Expenses for all of the Funds After Contractual Reimbursement or Fee Waiver	1.26%	0.24%

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GENERAL INFORMATION

The United States Life Insurance Company in the City of New York

We are The United States Life Insurance Company in the City of New York ("USL"). USL is a stock life insurance company organized under the laws of the State of New York on February 25, 1850. USL's home office address is 830 Third Avenue, New York, New York 10022. USL is an indirect, wholly-owned subsidiary of American International Group, Inc. ("AIG"). AIG, a Delaware corporation, is a holding company which through its subsidiaries is primarily engaged in a broad range of insurance and insurance-related activities and financial services in the United States and abroad. AIG American General is a marketing name of USL and its affiliates. The commitments under the Policies are USL's, and AIG has no legal obligation to back those commitments.

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

Separate Account USL VL-R

We hold the Fund shares in which any of your accumulation value is invested in Separate Account USL VL-R (the "Separate Account"). The Separate Account is registered as a unit investment trust with the SEC under the Investment Company Act of 1940. We created the Separate Account on August 8, 1997 under New York law.

For record keeping and financial reporting purposes, the Separate Account is divided into 52 separate "divisions," 50 of which correspond to the 50 variable "investment options" under the Policy. The remaining 2 divisions, and all of these 50 divisions, represent investment options available under other variable life policies we offer. We hold the Fund shares in which we invest your accumulation value for an investment option in the division that corresponds to that investment option. Income, gains and losses credited to, or charged against, the Separate Account reflect the Separate Account's own investment experience and not the investment experience of the Separate Account's other assets.

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

Additional Information

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

Communication with USL

When we refer to "you," we mean the person who is authorized to take any action with respect to a Policy. Generally, this is the owner named in the Policy. Where a Policy has more than one owner,

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each owner generally must join in any requested action, except for transfers and

changes in the allocation of future premiums or changes among the investment options.

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

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

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

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

Written transactions. Certain transaction requests currently must be made in writing. You must make the following requests in writing (unless you are permitted to make the requests by E-Service.

- . transfer of accumulation value;*
- . change of allocation percentages for premium payments; *
- . change of allocation percentages for Policy deductions; *
- . loan,
- . full surrender,
- . partial surrender,
- . change of beneficiary or contingent beneficiary,
- . loan repayments or loan interest payments,
- . change of death benefit option or manner of death benefit payment,

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- . change in specified amount,
- . addition or cancellation of, or other action with respect to any benefit riders,
- . election of a payment option for Policy proceeds, and
- . tax withholding elections.

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

We have special forms which should be used for loans, assignments, partial and full surrenders, changes of owner or beneficiary, and all other contractual changes. You will be asked to return your Policy when you request a full surrender. You may obtain these forms from our Administrative Center, shown under "Contact Information" on page 5, or from your USL representative. Each communication must include your name, Policy number and the contingent insured's names. We cannot process any requested action that does not include all required information.

Variable Investment Options

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

Variable Investment Options	Investment Adviser (sub-adviser, if applicable)
<S> AIM V.I. International Growth Fund - Series I Shares	<C> A I M Advisors, Inc.
AIM V.I. Premier Equity Fund - Series I Shares	A I M Advisors, Inc.
Alger American Leveraged AllCap Portfolio - Class O Shares/1/	Fred Alger Management, Inc.
Alger American MidCap Growth Portfolio - Class O Shares	Fred Alger Management, Inc.
American Century VP Value Fund	American Century Investment Management, Inc.
Credit Suisse Trust Small Cap Growth Portfolio	Credit Suisse Asset Management, LLC
Dreyfus IP MidCap Stock Portfolio - Initial Shares	The Dreyfus Corporation
Dreyfus VIF Developing Leaders Portfolio - Initial Shares/2/	The Dreyfus Corporation
Dreyfus VIF Quality Bond Portfolio - Initial Shares	The Dreyfus Corporation
Fidelity(R)VIP Asset Manager(SM) Portfolio - Service Class 2/3/	Fidelity Management & Research Company (FMR Co., Inc.) (Fidelity International Investment Advisors) (Fidelity International Investment Advisors (U.K.) Limited) (Fidelity Investments Japan Limited) (Fidelity Investments Money Management, Inc.) (Fidelity Management & Research (Far East) Inc.) (Fidelity Management & Research (U.K.) Inc.)
Fidelity(R)VIP Contrafund(R)Portfolio - Service Class 2/4/	Fidelity Management & Research Company (FMR Co., Inc.) (Fidelity International Investment Advisors) (Fidelity International Investment Advisors (U.K.) Limited) (Fidelity Investments Japan Limited) (Fidelity Management & Research (Far East) Inc.) (Fidelity Management & Research (U.K.) Inc.)
Fidelity(R)VIP Equity-Income Portfolio - Service Class 2	Fidelity Management & Research Company (FMR Co., Inc.)
Fidelity(R)VIP Growth Portfolio - Service Class 2	Fidelity Management & Research Company (FMR Co., Inc.)
Fidelity(R)VIP Mid Cap Portfolio - Service Class 2	Fidelity Management & Research Company (FMR Co., Inc.) (Fidelity International Investment Advisors) (Fidelity International Investment Advisors (U.K.) Limited) (Fidelity Investments Japan Limited) (Fidelity Management & Research (Far East) Inc.) (Fidelity Management & Research (U.K.) Inc.)
Franklin Templeton VIP Franklin Small Cap Value Securities Fund - Class 2	Franklin Advisory Services, LLC

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Variable Investment Options	Investment Adviser (sub-adviser, if applicable)
<S> Franklin Templeton VIP Franklin U.S. Government Fund - Class 2	<C> Franklin Advisers, Inc.
Franklin Templeton VIP Mutual Shares Securities Fund - Class 2/5/	Franklin Mutual Advisers, LLC
Franklin Templeton VIP Templeton Foreign Securities Fund - Class 2	Templeton Investment Counsel, LLC

Janus Aspen International Growth Portfolio - Service Shares	Janus Capital Management LLC
Janus Aspen Mid Cap Growth Portfolio - Service Shares	Janus Capital Management LLC
Janus Aspen Worldwide Growth Portfolio - Service Shares	Janus Capital Management LLC
JPMorgan ST II Mid Cap Value Portfolio	J.P. Morgan Investment Management Inc.
JPMorgan ST II Small Company Portfolio	J.P. Morgan Investment Management Inc.
MFS(R)VIT Capital Opportunities Series - Initial Class/6/	Massachusetts Financial Services Company
MFS(R)VIT Emerging Growth Series - Initial Class	Massachusetts Financial Services Company
MFS(R)VIT New Discovery Series - Initial Class/7/	Massachusetts Financial Services Company
MFS(R)VIT Research Series - Initial Class/8/	Massachusetts Financial Services Company
Neuberger Berman AMT Mid-Cap Growth Portfolio	Neuberger Berman Management Inc.
Oppenheimer Balanced Fund/VA/9/ - Non-Service Shares	OppenheimerFunds, Inc.
Oppenheimer Global Securities Fund/VA - Non-Service Shares	OppenheimerFunds, Inc.
PIMCO VIT Real Return Portfolio - Administrative Class/10/	Pacific Investment Management Company LLC
PIMCO VIT Short-Term Portfolio - Administrative Class	Pacific Investment Management Company LLC
PIMCO VIT Total Return Portfolio - Administrative Class	Pacific Investment Management Company LLC
Putnam VT Diversified Income Fund - Class IB	Putnam Investment Management, LLC
Putnam VT Growth and Income Fund - Class IB	Putnam Investment Management, LLC
Putnam VT International Growth and Income Fund - Class IB	Putnam Investment Management, LLC
SunAmerica ST Aggressive Growth Portfolio - Class 1 Shares	AIG SunAmerica Asset Management Corp.
SunAmerica ST SunAmerica Balanced Portfolio - Class 1 Shares/11/	AIG SunAmerica Asset Management Corp.
UIF Equity Growth Portfolio - Class I Shares	Morgan Stanley Investment Management Inc. (d/b/a Van Kampen)
UIF High Yield Portfolio - Class I Shares	Morgan Stanley Investment Management Inc. (d/b/a Van Kampen)
VALIC Co. I International Equities Fund	VALIC* (AIG Global Investment Corp.)
VALIC Co. I Mid Cap Index Fund	VALIC* (AIG Global Investment Corp.)
VALIC Co. I Money Market I Fund	VALIC* (AIG SunAmerica Asset Management Corp.)
VALIC Co. I Nasdaq-100(R)Index Fund	VALIC* (AIG Global Investment Corp.)
VALIC Co. I Science & Technology Fund/12/	VALIC* (T. Rowe Price Associates, Inc.)
VALIC Co. I Small Cap Index Fund	VALIC* (AIG Global Investment Corp.)
VALIC Co. I Stock Index Fund	VALIC* (AIG Global Investment Corp.)
Van Kampen LIT Growth and Income Portfolio - Class I Shares	Van Kampen Asset Management
Vanguard VIF High Yield Bond Portfolio	Wellington Management Company, LLP
Vanguard VIF REIT Index Portfolio	The Vanguard Group

</TABLE>

- /1/ The Fund type for Alger American Leveraged AllCap Portfolio-Class O Shares is equity growth.
- /2/ The Fund type for Dreyfus VIF Developing Leaders Portfolio - Initial Shares is small cap.
- /3/ The Fund type for Fidelity(R)VIP Asset Manager(SM) Portfolio - Service Class 2 is high return.
- /4/ The Fund type for Fidelity(R)VIP Contrafund(R)Portfolio - Service Class 2 is capital appreciation.
- /5/ The Fund type for Franklin Templeton VIP Mutual Shares Securities Fund - Class 2 is capital appreciation.
- /6/ The Fund type for MFS(R)VIT Capital Opportunities Series - Initial Class is capital appreciation.
- /7/ The Fund type for MFS(R)VIT New Discovery Series - Initial Class is small cap growth.
- /8/ The Fund type for MFS(R)VIT Research Series - Initial Class is

- long-term growth.
- /9/ The Fund type for Oppenheimer Balanced Fund/VA - Non-Service Shares is total return.
 - /10/ The Fund type for PIMCO VIT Real Return Portfolio - Administrative Class is maximum real return.
 - /11/ The Fund type for SunAmerica ST SunAmerica Balanced Portfolio - Class 1 Shares is capital appreciation.

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- /12/ The Fund type for VALIC Co. I Science & Technology Fund is capital appreciation. This Fund is a sector fund.

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

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

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

We have entered into various services agreements with most of the advisers or administrators for the Funds. We receive payments for the administrative services we perform such as proxy mailing and tabulation, mailing of Fund related information and responding to Policy owners' inquiries about the Funds. Currently, these payments range from 0.15% to 0.35% of the market value of the assets invested in the underlying Fund as of a certain date, usually paid at the end of each calendar quarter. From time to time some of these arrangements may be renegotiated so that we receive a greater payment than previously paid depending on our determination that the expenses that we are incurring are greater than we anticipated. These payments do not result in any additional charges under the Policies that are not described under "Charges Under the Policy" on page 45.

We have entered into a services agreement with PIMCO Variable Insurance Trust ("PIMCO VIT") under which we receive fees of up to 0.15% of the daily market value of the assets invested in the underlying Fund, paid directly by PIMCO VIT for services we perform.

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

Voting Privileges

We are the legal owner of the Funds' shares held in the Separate Account. However, you may be asked to instruct us how to vote the Fund shares held in the various Funds that are attributable to your Policy at meetings of shareholders of the Funds. The number of votes for which you may give directions will be determined as of the record date for the meeting. The number of votes that you may direct related to a particular Fund is equal to (a) your accumulation value invested in that Fund divided by (b) the net asset value of one share of that Fund. Fractional votes will be recognized. We will vote all shares of each Fund that we hold of record, including any shares we own on our own behalf, in the same proportions as those shares for which we have received instructions from owners participating in that Fund through the Separate Account.

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

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

to time allow.

Fixed Account

We invest any accumulation value you have allocated to the Fixed Account as part of our general assets. We credit interest on that accumulation value at a rate which we declare from time to time. We guarantee that the interest will be credited at an annual effective rate of at least 3%. Although this interest increases the amount of any accumulation value that you have in the Fixed Account, such accumulation value will also be reduced by any charges that are allocated to this option under the procedures described under "Allocation of charges" on page 49. The "daily charge" described on page 45 and the fees and expenses of the Funds discussed on page 17 do not apply to the Fixed Account.

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

How we declare interest. Except for amounts held as collateral for loans, we can at any time change the rate of interest we are paying on any accumulation value allocated to our Fixed Account, but it will always be at an annual effective rate of at least 3%.

Under these procedures, it is likely that at any time different interest rates will apply to different portions of your accumulation value, depending on when each portion was allocated to our Fixed Account. Any charges, partial surrenders, or loans that we take from any accumulation value that you have in our Fixed Account will be taken from each portion in reverse chronological order based on the date that accumulation value was allocated to this option.

Preliminary Information Statement and Policy Summary

Before you purchase the Policy, we will provide you with a Buyer's Guide and a preliminary information statement illustrating some of the values and benefits of your Policy. If you request us to do so when you apply for your Policy, we will furnish you with additional preliminary information statements based on other characteristics. These characteristics could include different annual investment returns, your choice of investment options which show your premium payment invested in percentages of your choice, the weighted average of Fund expenses, and other differences you request. We will also provide you with a policy summary at the time that your Policy is delivered demonstrating the values and benefits contained in your Policy as issued. Copies of the Buyer's Guide and preliminary information statement are provided free of charge.

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Illustrations

After you purchase your Policy and upon your request, we will provide you with what we refer to as a personalized illustration. A personalized illustration shows future benefits under the Policy based upon (1) each of the contingent insured's age and premium class and (2) your selection of a death benefit Option, specified amount, planned periodic premiums, riders, and proposed investment options. A personalized illustration takes into account your Policy's actual values and features as of the date the illustration is prepared. We reserve the right to charge a maximum fee of \$25 for personalized illustrations prepared after the Policy is issued if you request us to do so more than once each year.

A personalized illustration is illustrative only and should not be considered a representation of actual future performance. Your actual rates of return and actual charges may be higher or lower than an illustration. The actual return on your accumulation value will depend on factors such as the amounts you allocate to particular investment options, the amounts deducted for the Policy's fees and charges, the variable investment options' fees and charges, and your Policy loan and partial surrender history.

POLICY FEATURES

Age

Generally, our use of age in your Policy and this prospectus refers to a person who is between six months younger and six months older than the stated age. Sometimes we refer to this as the "attained" age.

Death Benefits

Your specified amount of insurance. In your application to buy a Platinum Investor Survivor II Policy, you tell us how much life insurance coverage you want. We call this the "specified amount" of insurance. The specified amount consists of what we refer to as "base coverage" plus any "supplemental coverage" you select. Base coverage must be at least 10% of the specified amount. We pay a different level of compensation based on the amounts of base and supplemental coverages you select. See "Base Coverage and Supplemental Coverage" on page 27.

We also guarantee a death benefit for a specified period provided you have paid the required monthly premiums. The guaranteed death benefit is equal to the specified amount (less any indebtedness) and any benefit riders. We refer to this guarantee in both your Policy and this prospectus as the "guarantee period benefit." We provide more information about the specified amount and the guarantee period benefit under "Monthly guarantee premiums," beginning on page 28. You should read these other discussions carefully because they contain important information about how the choices you make can affect your benefits and the amount of premiums and charges you may have to pay.

Your death benefit. You must choose between death benefit Option 1 and Option 2 under the Policy at the time it is issued. You may change your Option choice at any later time before the death of the last surviving contingent insured. The death benefit we will pay is reduced by any outstanding Policy loans and increased by any unearned loan interest we may have already charged. Depending on the Option you choose, the death benefit we will pay is

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

See "Partial surrender" on page 38 for more information about the effect of partial surrenders on the amount of the death benefit.

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

Any premiums we receive after the last surviving contingent insured's death will be returned and not included in your accumulation value.

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

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

If you choose the guideline premium test, total premium payments paid in a Policy year may not exceed the guideline premium payment limitations for life insurance set forth under federal tax law. If you choose the cash value accumulation test, there are no limits on the amount of premium you can pay in a Policy year, so long as the death benefit is large enough compared to the accumulation value to meet the test requirements.

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

If you selected death benefit Option 1 or Option 2 at any time when the required minimum death benefit is more than the death benefit payable under the

Option you selected, the death benefit payable would be the required minimum death benefit.

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

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

If you have selected the cash value accumulation test, we calculate the required minimum death benefit by multiplying your Policy's accumulation value by a required minimum death benefit percentage that will be set forth on page 4A of your Policy. The required minimum death benefit percentage varies based on the age, sex and premium classes of the contingent insureds. Below is an example of applicable required minimum death benefit percentages for the cash value accumulation test. The percentages shown are for a 60 year old male contingent insured, preferred non-tobacco premium class, and a 60 year old female contingent insured, preferred non-tobacco premium class. These individuals are the same two contingent insureds whose characteristics we use to illustrate the "Example Charge" in each of the Tables of Charges beginning on page 12 of this prospectus.

----- APPLICABLE PERCENTAGES UNDER CASH VALUE ACCUMULATION TEST -----								
Policy Year	1	2	3	5	10	20	30	40
%	263%	253%	244%	226%	188%	140%	118%	104%

If you have selected the guideline premium test, we calculate the required minimum death benefit by multiplying your Policy's accumulation value by an applicable required minimum death benefit percentage. The applicable required minimum death benefit percentage is 250% when the younger contingent insured's age is 40 or less, and decreases each year thereafter to 100% when the younger contingent insured's age is 95 or older. The applicable required minimum death benefit percentages under the guideline premium test for certain ages between 40 and 95 are set forth in the following table.

----- APPLICABLE PERCENTAGES UNDER GUIDELINE PREMIUM TEST -----									
Younger Contingent Insured's Attained Age*	40	45	50	55	60	65	70	75	95+
%	250%	215%	185%	150%	130%	120%	115%	105%	100%

*We use the younger contingent insured's attained age for this purpose even if the younger contingent insured is the first to die.

Your Policy calls the multipliers used for each test the "Death Benefit Corridor Rate."

Base Coverage and Supplemental Coverage

When you apply for a Policy, the amount of insurance you select is called the "specified amount." The specified amount may be made up of two types of coverage: base coverage (which will always be present); and supplemental coverage, which may also be included.

Generally, if we assess less than the maximum guaranteed charges under your Policy and if you choose supplemental coverage instead of base coverage, then in the early Policy years, you will reduce your total charges and increase your accumulation value and cash surrender value. The more supplemental coverage you elect, the greater will be the amount of the reduction in charges and increase in accumulation value.

You should have an understanding of the significant differences between base coverage and supplemental coverage before you complete your application. Here are the features about supplemental coverage that differ from base coverage:

- . We pay a higher level of compensation for the sale of base coverage than for supplemental coverage either when you purchase your Policy or when you pay additional premiums at any time through the tenth Policy year (we do not provide compensation for premiums we receive after the tenth Policy year);
- . Supplemental coverage has no surrender charges;
- . The monthly insurance charge for supplemental coverage is always equal to or less than the monthly insurance charge for an equivalent amount of base coverage; and
- . The monthly expense charge does not apply to supplemental coverage.

You can change the percentage of base coverage when you increase the specified amount, but at least 10% of the total specified amount after the increase must be base coverage. The percentage that your base and supplemental coverages represent of your specified amount will not change whenever you decrease the specified amount. A partial surrender will reduce the specified amount. In this case, we will deduct from your accumulation value any surrender charge that applies to the decrease in your base coverage. Supplemental coverage has no surrender charge.

You can use the mix of base and supplemental coverage to emphasize your own objectives. Before deciding how much, if any, supplemental coverage you should have, you should discuss with your USL representative what you believe to be your own objectives. Your representative can provide you with further information and Policy illustrations showing how your selection of base and supplemental coverage can affect your Policy values under different assumptions.

Premium Payments

Premium payments. We call the payments you make "premiums" or "premium payments." The amount we require as your initial premium varies depending on the specifics of your Policy and the contingent insureds. We can refuse to accept a premium payment that is less than \$25. If mandated under applicable law, we may be required to reject a premium payment. Otherwise, with a few exceptions mentioned below, you can make premium payments at any time and in any amount.

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Premium payments we receive after your free look period, as discussed on page 8, will be allocated upon receipt to the available investment options you have chosen.

Limits on premium payments. Federal tax law may limit the amount of premium payments you can make (relative to the amount of your Policy's insurance coverage) and may impose penalties on amounts you take out of your Policy if you do not observe certain additional requirements. These tax law requirements and a discussion of modified endowment contracts are summarized further under "Federal Tax Considerations" beginning on page 50. We will monitor your premium payments, however, to be sure that you do not exceed permitted amounts or inadvertently incur any tax penalties. The tax law limits can vary as a result of changes you make to your Policy. For example, a reduction in the specified amount of your Policy can reduce the amount of premiums you can pay.

Also, in certain limited circumstances, additional premiums may cause the death benefit to increase by more than they increase your accumulation value. In such case, we may refuse to accept an additional premium if the contingent insureds do not provide us with satisfactory evidence that our requirements for

issuing insurance are still met. This increase in death benefit is on the same terms (including additional charges) as any other specified amount increase you request (as described under "Increase in coverage" on page 32).

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

Planned periodic premiums. Page 3 of your Policy will specify a "Planned Periodic Premium." This is the amount that you (within limits) choose to pay. Our current practice is to bill quarterly, semi-annually or annually. However, payment of these or any other specific amounts of premiums is not mandatory. After payment of your initial premium, you need only invest enough to ensure that your Policy's cash surrender value stays above zero or that the first 5 Policy year benefit (described under "Monthly guarantee premiums" on page 28) remains in effect ("Cash surrender value" is explained under "Full surrenders" on page 7.) The less you invest, the more likely it is that your Policy's cash surrender value could fall to zero, or that the first 5 Policy year benefit is not in effect, as a result of the deductions we periodically make from your accumulation value.

Monthly guarantee premiums. Page 3 of your Policy will specify a "Monthly Guarantee Premium." If you pay these guarantee premiums, we will provide at least an Option 1 death benefit, even if your policy's cash surrender value has declined to zero.

We provide this benefit for the first 5 Policy years for all Policies. We call this our "guarantee period" benefit and here are its terms and conditions:

- . On the first day of each Policy month that you are covered by the guarantee period benefit, we determine if the cash surrender value is sufficient to pay the monthly

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deduction. (Policy months are measured from the "Date of Issue" that will also be shown on page 3 of your Policy.)

- . If the cash surrender value is insufficient, we determine if the cumulative amount of premiums paid under the Policy, less any Policy loans, is at least equal to the sum of the monthly guarantee premiums plus any partial surrenders for all Policy months to date, including the Policy month then starting.
- . So long as at least this amount of premium payments has been paid by the beginning of the Policy month, the Policy will not enter a grace period or terminate (i.e., lapse) because of insufficient cash surrender value.
- . We continue to measure your cash surrender value and the sum of monthly guarantee premiums for the length of time you are covered by the guarantee period benefit.

During the first 5 Policy years, whenever you increase or decrease your specified amount, change death benefit options or add or delete a benefit rider, we calculate a new monthly guarantee premium. The amount you must pay to keep the guarantee period benefit in force will increase or decrease.

- . For increases in the specified amount, the new monthly guarantee premium is calculated based on the contingent insureds' underwriting characteristics at the time of the increase and the amount of the increase.
- . For decreases in the specified amount, the monthly guarantee premium is adjusted on a pro-rata basis. For instance, if the specified amount is reduced by one-half, the monthly guarantee premium is reduced by one-half.
- . For the addition of a benefit rider, the monthly guarantee premium is increased by the amount of the monthly deduction for the rider.

. For the deletion of a benefit rider, the monthly guarantee premium will be decreased by the amount of the monthly deduction for the rider.

The period of coverage for this benefit is unaffected by the contingent insureds' ages at the Policy's date of issue or your choice of base coverage and supplemental coverage. The period for this benefit will not be extended or otherwise changed by changes in the specified amount, the addition, deletion or change in benefit riders, or by reinstatement of the Policy.

Free look period. If for any reason you are not satisfied with your Policy, you may return it to us and we will refund the greater of (i) any premium payments received by us or (ii) your accumulation value plus any charges that have been deducted. To exercise your right to return your Policy, you must mail it directly to the Administrative Center address shown under "Contact Information" on page 5 or return it to the USL representative through whom you purchased the Policy within 10 days after you receive it. Because you have this right, we will invest your initial net premium payment in the money market investment option from the date your investment performance begins until the first business day that is at least 15 days later. Then we will automatically allocate your investment among the available investment options in the ratios you have chosen. This reallocation will not count against the 12 free

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transfers that you are permitted to make each year. Any additional premium we receive during the 15-day period will also be invested in the money market investment option and allocated to the investment options at the same time as your initial net premium.

Changing Your Investment Option Allocations

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

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

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

Unless you are transferring the entire amount you have in an investment option, including the Fixed Account, each transfer must be at least \$500. See "Additional Rights That We Have" on page 44.

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

Under dollar cost averaging, we automatically make transfers of your accumulation value from the investment option of your choice to one or more of the other variable investment options that you choose. You tell us what day of the month you want these transfers to be made (other than the 29th, 30th or 31st of a month) and whether the transfers on that day should occur monthly, quarterly, semi-annually or annually. We make the transfers at the end of the valuation period containing the day of the month you select. (The term "valuation period" is described on page 34.) You must have at least \$5,000 of accumulation value to start dollar cost averaging and each transfer under the program must be at least \$100. Dollar cost averaging ceases upon your request, or if your accumulation value in the investment option from which you are making transfers becomes exhausted. You may maintain only one dollar cost averaging instruction with us at a time. You cannot use dollar cost averaging at the same

time you are using automatic rebalancing. Dollar cost averaging transfers do not count against the 12 free transfers that you are permitted to make each year. We do not charge you for using this service.

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

Market Timing and Fund-Rejected Transfers

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

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

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

- . an exchange out of a variable investment option within two calendar weeks of an earlier exchange into that same variable investment option; or
- . exchanges into or out of the same variable investment option more than twice in any one calendar quarter.

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

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

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

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

Changing the Specified Amount of Insurance

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

We treat an increase in specified amount in many respects as if it were the issuance of a new Policy. For example, the monthly insurance charge for the increase will be based on the ages, gender and premium classes of the contingent insureds at the time of the increase. Also, a new amount of surrender charge:

- . applies to any amount of the increase that you request as base (rather than supplemental) coverage; and
- . applies to the amount of the increase for up to 14 Policy years following the increase.

Whenever you decide to increase your specified amount, you will be subject to a new monthly charge per \$1,000 of base coverage. The additional charge will be assessed for the first 4 Policy years following the increase, and will be applied only to the increase in your base coverage. Increasing the specified amount may increase the amount of premium you would need to pay to avoid a lapse of your Policy.

You are not required to increase your specified amount in any specific percentage or ratio that your base and supplemental coverage bear to your specified amount before the increase with one exception. Base coverage must be at least 10% of the total specified amount after the increase. Increasing the specified amount may increase the amount of premium you would need to pay to avoid a lapse of your Policy.

Decrease in coverage. After the first Policy year, you may request a reduction in the specified amount of coverage, but not below certain minimums. After any decrease, the specified amount cannot be less than the greater of:

- . \$500,000, and
- . any minimum amount which, in view of the amount of premiums you have paid, is necessary for the Policy to continue to meet the federal tax law definition of life insurance.

We will apply a reduction in specified amount in the following order, as long as your base coverage is at least 10% of the specified amount:

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- . against the specified amount provided by the most recent increase, with the decrease applying first to the entire supplemental coverage portion of such increase, if any, followed by the base coverage portion;
- . against the next most recent increases successively, with the decrease of each prior increase applying first to the entire supplemental coverage portion of such increase, if any, followed by the base coverage portion; and
- . against the specified amount provided under the original application, with the decrease applying first to the entire supplemental coverage portion of such amount, if any, followed by the base coverage portion.

We will deduct from your accumulation value any surrender charge that is due on account of the decrease. If there is not sufficient accumulation value to pay the surrender charge at the time you request a reduction, the decrease will not be allowed. A reduction in base coverage will not reduce either the monthly charge per \$1,000 of base coverage or the length of time we assess the charge. For instance, if you increase your base coverage and follow it by a decrease in base coverage within 4 years of the increase, we will assess the monthly charge per \$1,000 of base coverage against the increase in base coverage for the full 4 years even though you have reduced the amount of base coverage.

Changing Death Benefit Options

Change of death benefit option. You may at any time before the death of the last surviving contingent insured request us to change your coverage from death benefit Option 1 to Option 2 or vice-versa.

- . If you change from Option 1 to Option 2, we automatically reduce your Policy's specified amount of insurance by the amount of your Policy's

accumulation value (but not below zero) at the time of the change. The change will go into effect on the monthly deduction day following the date we receive your request for change. Any such reduction in specified amount will be subject to the same guidelines and restrictions described in "Changing the Specified Amount of Insurance - Decrease in Coverage" on page 32. We will not charge a surrender charge for this reduction in specified amount. The monthly expense charge per \$1000 of base coverage and the cost of insurance rates will not change. At the time of the change of death benefit Option, your Policy's monthly insurance charge and surrender value will not change.

If you change from Option 2 to Option 1, then as of the date of the change we automatically increase your Policy's specified amount by the amount of your Policy's accumulation value. We will apply the entire increase in your specified amount to the last coverage added (either base or supplemental) and which has not been removed by a decrease in your Policy's specified amount. For the purpose of this calculation, if the base and supplemental coverages were issued on the same date, we will consider the supplemental coverage to have been issued later.

Tax consequences of changes in insurance coverage. Please read "Tax Effects" starting on page 51 of this prospectus to learn about possible tax consequences of changing your insurance coverage under your Policy.

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Effect of changes in insurance coverage on guarantee period benefit. A change in coverage does not result in termination of the guarantee period benefit, so that if you pay certain prescribed amounts of premiums, we will pay a death benefit even if your Policy's cash surrender value declines to zero. The details of this guarantee are discussed under "Monthly guarantee premiums," beginning on page 28.

Effective Date of Policy and Related Transactions

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

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

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

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

If we receive your premiums through payroll allotment, such as salary deduction or salary reduction programs, we consider that we receive your premium on the day we actually receive it, rather than the day the deduction from your payroll occurs. This is important for you to know because your premium receives no interest or earnings for the time between the deduction from your payroll and our receipt of the payment. We currently do not accept military allotment programs.

Commencement of insurance coverage. After you apply for a Policy, it can sometimes take up to several weeks for us to gather and evaluate all the information we need to decide whether to issue a Policy to you and, if so, what the contingent insureds' premium classes should be. We will not pay a death benefit under a Policy unless (a) it has been delivered to and accepted by the owner and at least the initial premium has been paid, and (b) at the time of such delivery and payment, there have been no adverse developments in either of the contingent insureds health or risk of death. However, if you pay at least the minimum first premium payment with your application for a Policy, we will provide temporary coverage of up to \$300,000 provided the contingent insureds meet certain medical and risk requirements. The terms and conditions of this coverage are described in our "Limited Temporary Life Insurance Agreement,"

available to you when you apply for a Policy.

Date of issue; Policy months and years. We prepare the Policy only after we approve an application for a Policy and assign the appropriate premium classes. The day we begin to deduct charges

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will appear on page 3 of your Policy and is called the "Date of Issue." Policy months and years are measured from the date of issue. To preserve a younger age at issue for the contingent insureds, we may assign a date of issue to a Policy that is up to 6 months earlier than otherwise would apply.

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

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

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

- . Increases or decreases you request in the specified amount of insurance, reinstatements of a Policy that has lapsed, and changes in death benefit Option take effect on the Policy's monthly deduction day if your request is approved on that day or on the next monthly deduction day following our approval if we approve your request on any other day of the month;
- . We may return premium payments, make a partial surrender or reduce the death benefit if we determine that such premiums would cause your Policy to become a modified endowment contract or to cease to qualify as life insurance under federal income tax law or exceed the maximum net amount at risk;
- . If you exercise your right to return your Policy described under "Free look period" on page 29 of this prospectus, your coverage will end when you deliver it to your USL representative, or if you mail it to us, the date it is postmarked; and
- . If you pay a premium at the same time that you make a Policy request which requires our approval, your payment will be applied when received rather than following the effective date of the requested change, but only if your Policy is in force and the amount paid will not cause you to exceed premium limitations under the Code. If we do not approve your Policy request, your premium payment will still be accepted in full or in part (we will return to you the portion of your premium payment that would be in violation of the maximum premium limitations under the Code). We will not apply this procedure to premiums you pay in connection with reinstatement requests.

Reports to Policy Owners

Shortly after the end of each Policy year, we will mail you a report that includes information about your Policy's current death benefit, accumulation value, cash surrender value and Policy loans. We will send you notices to confirm premium payments, transfers and certain other Policy transactions.

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We will mail to you at your last known address of record, these and any other reports and communications required by law. You should give us prompt written notice of any address change.

Riders

You can request that your Policy include the additional rider benefits described below. For the Maturity Extension Rider-Death Benefit version, a charge, which will be shown on page 3 of your Policy, will be deducted from your accumulation value on each monthly deduction date. Eligibility for and changes in these benefits are subject to our rules and procedures as in effect from time to time. Not all riders are available in all states. More details are included in the form of each rider, which we suggest that you review if you choose any of these benefits.

Maturity Extension Rider. This rider gives you the option to extend the Policy's maturity date beyond what it otherwise would be, at any time before the original maturity date. Once you select this rider, if you have not already elected to extend the maturity date, we will notify you of this right 60 days before maturity. If you do not then elect to extend the maturity date before the original maturity date, the rider will terminate and the maturity date will not be extended. You have two versions of this rider from which to choose, the Accumulation Value version and the Death Benefit version.

The Accumulation Value version provides for a death benefit after your original maturity date that is equal to the accumulation value on the date of death. The death benefit will be reduced by any outstanding Policy loan amount. There is no charge for this version of the rider.

The Death Benefit version provides for a death benefit after your original maturity date equal to the death benefit in effect on the day prior to your original maturity date. If the death benefit is based fully, or in part, on the accumulation value, we will adjust the death benefit to reflect future changes in your accumulation value. The death benefit will never be less than the accumulation value. The death benefit will be reduced by any outstanding Policy loan amount.

Under the Death benefit version, we will charge you a monthly fee of no more than \$30 for each \$1000 of the net amount at risk. This fee begins 9 years before your original maturity date and terminates on your original maturity date.

Nine years and 60 days before your original maturity date, we will notify you that you will incur these charges under the Death Benefit version if you keep the rider. You will then have until your original maturity date to terminate the rider and with it, your right to extend your original maturity date. If you terminate the rider at any time within this nine year and 60 day period, there will be no further charges and you will have no remaining right to receive a benefit under the rider.

The Accumulation Value version may be selected at any time before your original maturity date. The Death Benefit version of the rider may be added at any time to an existing Policy up until the same nine year and 60 day period described earlier, before your original maturity date.

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There are features common to both riders. Only the insurance coverage associated with the Policy will be extended beyond your original maturity date. We do not allow additional premium payments or changes in specified amount after your original maturity date. The only charge we continue to automatically deduct after the original maturity date is the daily charge described on page 45. Once you have exercised your right to extend your original maturity date, you cannot revoke it. The monthly fee will continue. You can, however, surrender your Policy at any time.

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

Split Policy Exchange Rider. This rider provides you with the right at any time while both contingent insureds are living to request that the Policy be split into two separate policies, insuring each of the contingent insureds under new, single life policies. In order for you to exercise this right, neither contingent insured could have the "uninsurable" premium class when the original Policy was issued. Here are the additional features about this rider:

- . You can choose to exchange only if the contingent insureds were married to one another and have divorced, the federal unlimited

marital deduction is repealed, or there is a reduction of at least 50% of the tax rate in the maximum federal estate tax bracket. However, in the case of divorce, the divorce decree must have been final at least 24 months before the exchange. In these situations, the original Policy's specified amount and cash surrender value will be split equally between the two new policies.

- . You can choose the amount of coverage on each policy, as long as the total equals the death benefit amount of the Policy. We will transfer the cash surrender value of the Policy, after paying off any outstanding loan, to the new policies in the same proportion as the new face amounts are to each other.
- . The new policies can be any flexible or level premium whole life policy or endowment plan we would ordinarily issue when this rider is exercised.
- . The Policy terminates when we issue the new policies.

Tax Consequences of Additional Rider Benefits.

Adding or deleting riders, or increasing or decreasing coverage under existing riders can have tax consequences. See "Tax Effects" starting on page 51. You should consult a qualified tax adviser.

POLICY TRANSACTIONS

The following transactions may have different effects on the accumulation value, death benefit, specified amount or cost of insurance. You should consider the net effects before requesting a Policy transaction. See "Policy Features" on page 24. Certain transactions also entail charges. For information regarding other charges, see "Charges Under the Policy" on page 45.

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E-Delivery, E-Service and Written Transactions

See page 19 for information regarding E-Delivery, E-Service and written transactions.

Withdrawing Policy Investments

Full surrender. You may at any time surrender your Policy in full. If you do, we will pay you the accumulation value, less any Policy loans, plus any unearned loan interest, and less any surrender charge that then applies. We call this amount your "cash surrender value." Because of the surrender charge, it is unlikely that a Platinum Investor Survivor II Policy will have any cash surrender value during at least the first year.

Partial surrender. You may, at any time after the first Policy year, make a partial surrender of your Policy's cash surrender value. A partial surrender must be at least \$500. We will automatically reduce your Policy's accumulation value by the amount of your withdrawal and any related charges. We do not allow partial surrenders that would reduce the death benefit below \$500,000.

We will apply a reduction in specified amount in the following order, as long as your base coverage is at least 10% of the specified amount:

- . against the specified amount provided by the most recent increase, with the decrease applying first to the entire supplemental coverage portion of such increase, if any, followed by the base coverage portion;
- . against the next most recent increases successively, with the decrease of each prior increase applying first to the entire supplemental coverage portion of such increase, if any, followed by the base coverage portion;
- . against the specified amount provided under the original application, with the decrease applying first to the entire supplemental coverage portion of such amount, if any, followed by the base coverage portion.

We will deduct any remaining surrender charge that is associated with any portion of your Policy's base amount of coverage that is canceled. If the Option 2 death benefit is then in effect, we will automatically reduce your accumulation value.

You may choose the investment option or options from which money that you withdraw will be taken. Otherwise, we will allocate the partial surrender in the

same proportions as then apply for deducting monthly charges under your Policy or, if that is not possible, in proportion to the amount of accumulation value you then have in each investment option.

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

Option to exchange Policy during first 18 months. Under New York law, at any time during the first 18 months from the Date of Issue of your Policy, and while the Policy is in force on a premium paying basis, it may be exchanged for any general account fixed benefit plan of life insurance offered by us, subject to the following conditions:

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- . the new policy will be issued with the same Date of Issue, insurance age, and risk classification as your Policy;
- . the amount of insurance of the new policy will be the same as the initial amount of your original Policy, even if you have increased or decreased the amount of insurance of your original Policy during its first 18 months;
- . the new policy may include any additional benefit rider included in this Policy if such rider is available for issue with the new policy;
- . the exchange will be subject to an equitable premium or cash value adjustment that takes appropriate account of the premiums and cash values under the original and new policies; and
- . evidence of insurability will not be required for the exchange.

Option to convert to paid-up endowment insurance. At least once each year, you have the option to transfer all of your Policy's cash surrender value to our general account to purchase a non-participating non-variable paid-up endowment life insurance policy. Your Policy and any riders you have elected terminate when you exercise this option. Here is the information you should know about this option:

- . we use your original Policy's cash surrender value as a single premium for the new policy;
- . we use the contingent insureds' ages at the time you exercise this option to determine how much coverage you will receive (this amount is the new policy's death benefit);
- . you will owe no additional premiums or other charges during the entire time the new policy is in force;
- . the new policy is "non-participating" which means you will not be entitled to any dividends from USL;
- . we will pay the amount of coverage to the beneficiary when the last surviving insured dies and the new policy will terminate; and
- . we will pay the amount of coverage to the owner if the younger contingent insured is living at age 100 and the new policy will terminate.

Right to convert in the event of a material change in investment policy. Under New York law, if there is a material change in the investment policy of Separate Account USL VL-R which has been approved by the Superintendent of the New York Department of Insurance, and you object to such change, you shall have the option to convert, without evidence of insurability, to a general account fixed benefit life insurance policy within 60 days after the later of: (1) the effective date of such change in investment policy; or (2) the receipt of the notice of the options available.

If you convert your Policy, your Accumulation Value will be transferred to your new policy and any remaining surrender charge on a full surrender or any partial surrenders permitted under your old

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Policy will be waived. However, there may be a surrender charge on a full surrender or any partial surrenders permitted under your new policy. This conversion is similar to an internal exchange under Section 1035 of the Code.

Policy loans. You may at any time borrow from us an amount up to your Policy's cash surrender value less the interest that will be payable on your loan to your next Policy anniversary. The minimum amount you can borrow is \$500, or, if less your Policy's cash surrender value less the loan interest payable to your next Policy anniversary.

We remove from your investment options an amount equal to your loan and hold that part of your accumulation value in the Fixed Account as collateral for the loan. We will credit your Policy with interest on this collateral amount at a guaranteed annual effective rate of 4% (rather than any amount you could otherwise earn in one of our investment options), and we will charge you interest on your loan at an annual effective rate of 4.75%. Loan interest is payable annually, on the Policy anniversary, in advance, at a rate of 4.54%. Any amount not paid by its due date will automatically be added to the loan balance as an additional loan. Interest you pay on Policy loans will not, in most cases, be deductible on your tax returns.

You may choose which of your investment options the loan will be taken from. If you do not so specify, we will allocate the loan in the same way that charges under your Policy are being allocated. If this is not possible, we will make the loan pro-rata from each investment option that you then are using.

You may repay all or part (but not less than \$10 unless it is the final payment) of your loan at any time before the death of the last surviving contingent insured while the Policy is in force. You must designate any loan repayment as such. Otherwise, we will treat it as a premium payment instead. Any loan repayments go first to repay all loans that were taken from the Fixed Account. We will invest any additional loan repayments you make in the investment options you request. In the absence of such a request we will invest the repayment in the same proportion as you then have selected for premium payments that we receive from you. Any unpaid loan (increased by any unearned loan interest we may have already charged) will be deducted from the proceeds we pay following the last surviving contingent insured's death.

Preferred loan interest rate. We will charge a lower interest rate on loans available after the first 10 Policy years. We call these "preferred loans." The maximum amount eligible for preferred loans for any year is:

- . 10% of your Policy's accumulation value (which includes any loan collateral we are holding for your Policy loans) at the Policy anniversary; or
- . if less, your Policy's maximum remaining loan value at that Policy anniversary.

We will always credit your preferred loan collateral amount at a guaranteed annual effective rate of 4%. We intend to set the rate of interest you are paying to the same 4% rate we credit to your preferred loan collateral amount, resulting in a zero net cost (0.00%) of borrowing for that amount. We have full discretion to vary the rate we charge you, provided that the rate:

- . will always be greater than or equal to the guaranteed preferred loan collateral rate of 4%, and

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- . will never exceed an annual effective rate of 4.25%.

Because we first began offering the Policies in 2004, we have not yet declared a preferred loan interest rate.

Maturity of your Policy. If one or both contingent insureds are living on the "Maturity Date" shown on page 3 of your Policy, we will pay you the cash surrender value of the Policy, and the Policy will end. The maturity date can be no later than the Policy anniversary nearest the younger contingent insured's 100th birthday, unless you have elected the Maturity Extension Rider. See "Additional Benefit Riders - Riders - Maturity Extension Rider," on page 36.

Tax considerations. Please refer to "Federal Tax Considerations" on page 50 for information about the possible tax consequences to you when you receive any loan, surrender or other funds from your Policy. A Policy loan may cause the Policy to lapse which may result in adverse tax consequences.

POLICY PAYMENTS

Payment Options

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

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

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

- . Option 1--Equal monthly payments for a specified period of time.
- . Option 2--Equal monthly payments of a selected amount of at least \$60 per year for each \$1,000 of proceeds until all amounts are paid out.
- . Option 3--Equal monthly payments for the payee's life, but with payments guaranteed for a specified number of years. These payments are based on annuity rates that are set forth in the Policy or, at the payee's request, the annuity rates that we then are using.
- . Option 4--Proceeds left to accumulate at an interest rate of 3% compounded annually for any period up to 30 years. At the payee's request we will make payments to the payee monthly, quarterly, semiannually, or annually. The payee can also request a partial withdrawal of any amount of \$500 or more. There is no charge for partial withdrawals.

Additional payment options may also be available with our consent. We have the right to reject any payment option if the payee is a corporation or other entity. You can read more about each of these

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options in the Policy and in the separate form of payment contract that we issue when any such option takes effect.

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

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

Tax impact. If a payment option is chosen, you or your beneficiary may have adverse tax consequences. You should consult with a qualified tax adviser before deciding whether to elect one or more payment options.

The Beneficiary

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

Assignment of a Policy

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

Payment of Proceeds

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

Delay of Fixed Account proceeds. We have the right, however, to defer payment or transfers of amounts out of the Fixed Account for up to six months. If we delay more than 30 days in paying you such amounts, we will pay interest of at least 3% a year from the date we receive all items we require to make the payment.

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

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

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

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

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

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

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

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ADDITIONAL RIGHTS THAT WE HAVE

We have the right at any time to:

- . transfer the entire balance in an investment option in accordance with any transfer request you make that would reduce your accumulation value for that option to below \$500;
- . transfer the entire balance in proportion to any other investment options you then are using, if the accumulation value in an investment option is below \$500 for any other reason;
- . end the automatic rebalancing feature if your accumulation value falls below \$5,000;
- . replace the underlying Fund that any investment option uses with another Fund, subject to SEC and other required regulatory approvals;
- . add, delete or limit investment options, combine two or more investment options, or withdraw assets relating to the Policies from one investment option and put them into another, subject to SEC and other required regulatory approvals;
- . operate Separate Account USL VL-R under the direction of a committee or discharge such a committee at any time;
- . operate Separate Account USL VL-R, or one or more investment options, in any other form the law allows, including a form that allows us to make direct investments. Separate Account USL VL-R may be charged an advisory fee if its investments are made directly rather than through another investment company. In that case, we may make any legal investments we wish; or
- . make other changes in the Policy that in our judgment are necessary or appropriate to ensure that the Policy continues to qualify for tax treatment as life insurance, or that do not reduce any cash surrender value, death benefit, accumulation value, or other accrued rights or benefits.

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

Underwriting and premium classes. We currently have seven premium classes we use to decide how much the monthly insurance charges under any particular Policy will be:

- . Three Non-tobacco classes: preferred, standard and special;
- . Three Tobacco classes: preferred, standard and special; and
- . One additional class: uninsurable.

Various factors such as the contingent insureds' ages, health history, occupation and history of tobacco use, are used in considering the appropriate premium class for the insured. Premium classes are described in your Policy.

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The term "uninsurable" is used in a special way when we issue a Policy. "Uninsurable" describes a person proposed to become insured under a Policy who would not pass our requirements to be insured under one of our policies that insures only one life. Under some conditions a person who is uninsurable can become a contingent insured under a Policy. The other contingent insured cannot be uninsurable.

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

Policies purchased through term life conversions. We maintain rules about how to convert term insurance to a Platinum Investor Survivor II Policy. This is referred to as a term conversion. Term conversions are available to owners of term life insurance we have issued. Any right to a term conversion is stated in the term life insurance policy. Again, our published rules about term conversions may be changed from time to time, but are evenly applied to all our customers.

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

Department of Insurance may require that we seek its prior approval before we make some of these changes.

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

CHARGES UNDER THE POLICY

Premium tax charge. We deduct from each premium a charge for the tax that is then applicable to us in your state or other jurisdiction. These taxes, if any, currently range in the United States from 0.75% to 3.5%. Please let us know if you move to another jurisdiction, so we can adjust this charge if required. You are not permitted to deduct the amount of these taxes on your income tax return. We use this charge to offset our obligation to pay premium tax on the Policies.

Premium expense charge. After we deduct premium tax from each premium payment, we currently deduct 5% from the remaining amount. We may lower this percentage deduction but it is guaranteed never to exceed 5%. USL receives this charge to cover sales expenses, including commissions.

Daily charge (mortality and expense risk fee). We will deduct a daily charge at an annual effective rate of 0.75% (3/4 of 1%) of your accumulation value that is then being invested in any of the variable investment options. After a Policy has been in effect for 15 years, however, we will reduce this rate to an annual effective rate of 0.50%, and after 30 years, to an annual effective rate of 0.15%. Although the years for the reduction of rates may not be changed, we may lower these current rates but they can never exceed the rates set forth in this paragraph. USL receives this charge to pay for our mortality and expense risks.

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Flat monthly charge. We will deduct \$10 from your accumulation value each month. We may lower this charge but it is guaranteed to never exceed \$10. The flat monthly charge is the "Monthly Administration Fee" shown on page 4 of your Policy. USL receives this charge to pay for the cost of administrative services we provide under the Policies, such as regulatory mailings and responding to Policy owners' requests.

Monthly expense charge (per \$1,000 of base coverage). The Policies have a monthly expense charge which will be deducted during the first four Policy years, and during the first four years of any increase in base coverage. Your Policy refers to this charge as the "Monthly Expense Charge for First Four Years." We will apply this four year monthly expense charge only to the base coverage portion of the specified amount. Any decrease in base coverage will not change the monthly expense charge. This charge varies according to the ages, gender and the premium classes of both of the contingent insureds, as well as the amount of base age. This charge can range from a maximum of \$2.12 for each \$1,000 of the base coverage portion of the specified amount to a minimum of \$0.09 for each \$1,000 of base coverage. The representative charge (referred to as "Example" in the Tables of Charges beginning on page 12) is \$0.58 for each \$1,000 of base coverage. USL receives this charge to pay for underwriting costs and other costs of issuing the Policies, and also to help pay for the administrative services we provide under the Policies.

Monthly insurance charge. Every month we will deduct from your accumulation value a charge based on the cost of insurance rates applicable to your Policy on the date of the deduction and our "net amount at risk" on that date. Our net amount at risk is the difference between (a) the death benefit that would be payable before reduction by policy loans if the last surviving contingent insured died on that date and (b) the then total accumulation value under the Policy. For otherwise identical Policies:

- . greater amounts at risk result in a higher monthly insurance charge; and
- . higher cost of insurance rates also result in a higher monthly insurance charge.

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

Our cost of insurance rates are guaranteed not to exceed those that will be

specified in your Policy. Our current rates are lower than the guaranteed maximum rates for contingent insureds in most age, gender and premium classes, although we have the right at any time to raise these rates to not more than the guaranteed maximum.

In general the longer you own your Policy, the higher the cost of insurance rate will be as the contingent insureds grow older. Also our cost of insurance rates will generally be lower if one or both of the contingent insureds is a female than if a male. Similarly, our current cost of insurance rates are generally lower for non-tobacco users than tobacco users. On the other hand, contingent insureds who present particular health, occupational or non-work related risks may require higher cost of insurance rates and other additional charges based on the specified amount of insurance coverage under their Policy.

Under New York law, any changes in the cost of insurance rates, interest rates, mortality and expense charges, percentage of premium charges or the monthly administration fee will be based on our expectations as to investment earnings, mortality, persistency and expenses (including, reinsurance costs

and applicable tax charges). Such changes in Policy cost factors will be determined in accordance with procedures and standards on file with the New York Department of Insurance and will be determined at least every five years.

Under New York law, a portion of our cost of insurance rates is used to recover acquisition costs associated with issuing your Policy. Such charges are higher in the early Policy years. USL receives this charge to also fund the death benefits we pay under the Policies.

Monthly charges for additional benefit riders. We will deduct charges monthly from your accumulation value, if you select additional benefit riders. The charges for any rider you select will vary by Policy within a range based on either the personal characteristics of the contingent insureds or the specific coverage you choose under the rider. The riders we offer are two versions of the Maturity Extension Rider and the Split Policy Exchange Rider. The riders are described beginning on page 36, under "Additional Benefit Riders and Options." The specific charges for any rider you choose are shown on page 4 of your Policy. USL receives these charges to pay for the benefits under the riders and to help offset the risks we assume.

Surrender charge. The Policies have a surrender charge that applies for a maximum of the first 14 Policy years (and for a maximum of the first 14 Policy years after any increase in the Policy's base coverage). We will apply the surrender charge only to the base coverage portion of the specified amount.

The surrender charge period depends on the age of the younger of the contingent insureds. The amount of the surrender charge depends on the age, gender and premium classes of both of the contingent insureds. Your Policy's surrender charge will be found in the table beginning on page 4C of your Policy. As shown in the Tables of Charges beginning on page 12, the maximum surrender charge is \$31.95 per \$1,000 of the base coverage portion of the specified amount (or any increase in the base coverage portion of the specified amount). The minimum surrender charge is \$1.39 per \$1,000 of the base coverage (or any increase in the base coverage). The representative surrender charge (referred to as "Example" in the Tables of Charges beginning on page 12) is \$19.88 per \$1,000 of base coverage (or any increase in the base coverage).

The surrender charge decreases on an annual basis beginning in the second year of its 14 year period referred to above until, in the fifteenth year, it is zero. These decreases are also based on the age, gender and premium classes of both of the contingent insureds.

The following chart illustrates how the surrender charge declines over the first 14 Policy years. The chart is for a 60 year old male and a 60 year old female, who are the same persons to whom we refer in the Tables of Charges beginning on page 12 under "Example Charge." Surrender charges may differ for other contingent insureds because the amount of the annual reduction in the surrender charge may differ.

<TABLE>
<CAPTION>

Surrender Charge for a 60 Year Old Male and a 60 Year Old Female

Policy Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Surrender Charge Per \$1,000 of Base Coverage	\$19.88	\$19.43	\$18.95	\$18.46	\$17.95	\$17.43	\$15.68	\$14.00	\$12.39	\$10.86	\$8.35	\$6.01	\$3.83	\$1.83	\$0

</TABLE>

We will deduct the entire amount of any then applicable surrender charge from the accumulation value at the time of a full surrender. Upon a requested decrease in a Policy's base coverage portion of the specified amount, we will deduct any remaining amount of the surrender charge that was associated with the base coverage that is canceled. This includes any decrease that results from any requested partial surrender. See "Partial surrender" beginning on page 38 and "Change of death benefit option" beginning on page 33.

For those Policies that lapse in the first 14 Policy years, USL receives surrender charges to help recover sales expenses, which are higher for base coverage than for supplemental coverage. Higher amounts of base coverage result in higher premiums and higher charges, including higher surrender charges. The older and the greater health risk the contingent insureds are when the Policy is issued, the more premium we need to pay for all Policy charges. As a result, we use the contingent insureds' age, sex and premium classes to help determine the appropriate rate of surrender charge per \$1,000 of base coverage to help us offset these higher sales charges.

Partial surrender processing fee. We will charge a maximum fee equal to the lesser of 2% of the amount withdrawn or \$25 for each partial surrender you make. This charge is currently \$10. USL receives this charge to help pay for the expense of making a partial surrender.

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

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

Policy loans. We will charge you interest on any loan at an annual effective rate of 4.75%. The loan interest charged on a preferred loan (available after the first 10 Policy years) will never exceed an annual effective rate of 4.25%. USL receives these charges to help pay for the expenses of administering and providing for Policy loans. See "Policy loans" beginning on page 40.

Charge for taxes. We can adjust charges in the future on account of taxes we incur or reserves we set aside for taxes in connection with the Policies. This would reduce the investment experience of your accumulation value. In no event will any adjusted charge exceed the maximum guaranteed charge shown in the Tables of Charges on pages 12 - 16. All maximum guaranteed charges also appear in your Policy.

For a further discussion regarding these charges we will deduct from your investment in a Policy, see "More About Policy Charges" on page 49.

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

More About Policy Charges

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

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

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

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

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

ACCUMULATION VALUE

Your accumulation value. From each premium payment you make, we deduct the charges that we describe on page 45 under "Premium tax charge" and "premium expense charge." We invest the rest in one or more of the investment options listed in the chart on page 20 of this prospectus. We call the amount that is at any time invested under your Policy (including any loan collateral we are holding for your Policy loans) your "accumulation value."

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Your investment options. We invest the accumulation value that you have allocated to any variable investment option in shares of a corresponding Fund. Over time, your accumulation value in any such investment option will increase or decrease in accordance with the investment experience of the Fund. Your accumulation value will also be reduced by Fund charges and certain other charges that we deduct from your Policy. We describe these charges beginning on page 45 under "Charges Under the Policy."

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

We invest any accumulation value you have allocated to the Fixed Account as part of our general assets. We credit interest on that accumulation value at a rate which we declare from time to time. We guarantee that the interest will be credited at an annual effective rate of at least 3%. Although this interest increases the amount of any accumulation value that you have in the Fixed Account, such accumulation value will also be reduced by any charges that are allocated to this option under the procedures described under "Allocation of charges" on page 49. The "daily charge" described on page 45 and the fees and expenses of the Funds discussed on page 17 do not apply to the Fixed Account.

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

POLICY LAPSE AND REINSTATEMENT

During the first 5 Policy year benefit period discussed on page 28, your Policy will not enter a grace period or terminate if the Monthly Guarantee Premium has been met. After expiration of this benefit, if your Policy's cash surrender value (the Policy's accumulation value less Policy loans and loan interest during the first 5 Policy years) falls to an amount insufficient to cover the monthly charges, we will notify you by letter that you have 61 days from the due date of the premium to pay the necessary charges to avoid lapse of the Policy. You are not required to repay any outstanding Policy loan in order to reinstate your Policy. If the last surviving contingent insured dies during the grace period we will pay the death benefit reduced by the charges that are

owed at the time of death. The grace period begins with the first day of the Policy month for which all charges could not be paid. If we do not receive your payment by the end of the grace period, your Policy and all riders will end without value and all coverage under your Policy will cease. Although you can apply to have your Policy "reinstated," you must do this within 5 years (or, if earlier, before the Policy's maturity date), and you must present evidence that each contingent insured who was living when the policy lapsed is still living and meets our requirements for issuing coverage. You will find additional information in the Policy about the values and terms of the Policy after it is reinstated.

FEDERAL TAX CONSIDERATIONS

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

Amounts you receive as Policy loans are not taxable to you, unless you have paid such a large amount of premiums that your Policy becomes what the tax law calls a "modified endowment contract."

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In that case, the loan will be taxed as if it were a partial surrender. Furthermore, loans, partial surrenders and other distributions from a modified endowment contract may require you to pay additional taxes and penalties that otherwise would not apply. If your Policy lapses, you may have to pay income tax on a portion of any outstanding loan.

Tax Effects

This discussion is based on current federal income tax law and interpretations. It assumes that the policy owner is a natural person who is a U.S. citizen and resident. The consequences for corporate taxpayers, non-U.S. residents or non-U.S. citizens, may be different. The following discussion of federal income tax treatment is general in nature, and is not intended as tax advice. You should consult with a competent tax adviser to determine the specific federal tax treatment of your Policy based on your individual factual situation.

General. The Policy will be treated as "life insurance" for federal income tax purposes (a) if it meets the definition of life insurance under Section 7702 of the Code and (b) for as long as the investments made by the underlying Funds satisfy certain investment diversification requirements under Section 817(h) of the Code. We believe that the Policy will meet these requirements at issue and that:

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

Although USL believes that the Policies are in compliance with Section 7702 of the Code at issue, the manner in which Section 7702 should be applied to certain features of a last survivor life insurance policy is not directly addressed by Section 7702. In the absence of final regulations or other guidance issued under Section 7702, there is necessarily some uncertainty whether survivor life insurance policies, like the Platinum Investor Survivor II Policies, will meet the Section 7702 definition of a life insurance contract.

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

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

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

- . you have paid a cumulative amount of premiums;

. the cumulative amount exceeds the premiums you would have paid by the same time under a similar fixed-benefit life insurance policy; and

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. the fixed benefit policy was designed (based on certain assumptions mandated under the Code) to provide for paid-up future benefits ("paid-up" means no future premium payments are required) after the payment of seven level annual premiums;

then your Policy will be a modified endowment contract.

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

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

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

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

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

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

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

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

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could be subject to federal income tax, under a complex formula, to the extent that your accumulation value exceeds your basis in your Policy.

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

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

- . include loans (including any increase in the loan amount to pay interest on an existing loan, or an assignment or pledge to secure a loan) and partial surrenders;
- . will be considered taxable income to you to the extent your accumulation value exceeds your basis in the Policy; and
- . have their taxability determined by aggregating all modified endowment contracts issued by the same insurer (or its affiliates) to the same owner (excluding certain qualified plans) during any calendar year.

For modified endowment contracts, your basis:

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

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

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

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

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

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

Taxation of Split Policy Exchange Rider. You can split the Policy into two other single life insurance policies under the Split Policy Exchange Rider. A policy split could have adverse tax consequences if it is not treated as a nontaxable exchange under Section 1035 of the Code. This could include, among other things, recognition as taxable income on amounts up to any gain in the Policy at the time of the exchange.

Diversification and investor control. Under Section 817(h) of the Code, the Treasury Department has issued regulations that implement investment

diversification requirements. Our failure to comply with these regulations would disqualify your Policy as a life insurance policy under Section 7702 of the Code. If this were to occur, you would be subject to federal income tax on the income under the Policy for the period of the disqualification and for subsequent periods. Also, if the last surviving contingent insured died during such period of disqualification or subsequent periods, a portion of the death benefit proceeds would be taxable to the beneficiary. Separate Account USL VL-R, through the Funds, intends to comply with these requirements. Although we do not have direct control over the investments or activities of the Funds, we will enter into agreements with them requiring the Funds to comply with the diversification requirements of the Section 817(h) Treasury Regulations.

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

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

The enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 (P.L. 107-16) (the "2001 Act") brought significant change to the transfer tax system, the most notable being the repeal of the estate and generation-skipping transfer (GST) taxes in 2010. Prior to repeal, a number of modifications are made to the maximum estate tax rate and the estate and gift tax applicable exclusion

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amounts. The 2001 Act increases the estate tax applicable exclusion amount to \$1.5 million for decedents dying in 2005. In order to comply with the Congressional Budget Act of 1974, the 2001 Act provides that all provisions of, and amendments made by, the 2001 Act will not apply to estates of decedents dying, gifts made, or generation-skipping transfers, after December 31, 2010. Unless Congress acts affirmatively in the interim, the Code will thereafter be applied and administered as if these provisions had not been enacted.

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

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

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

In general, a split dollar insurance arrangement involves two parties agreeing to split the premium and/or benefits of a life insurance policy. These arrangements are often used as a type of employee compensation or for making gifts among family members. The regulations provide two mutually exclusive regimes for taxing split dollar life insurance arrangements: the "economic benefit" regime and the "loan" regime. The economic benefit regime, under which the non-owner of the policy is treated as receiving certain economic benefits from its owner, applies to endorsement arrangements and most non-equity split dollar life insurance arrangements. The loan regime applies to collateral

assignment arrangements and other arrangements in which the non-owner could be treated as loaning amounts to the owner. These final regulations apply to any split dollar life insurance arrangement entered into after September 17, 2003. Additionally, these regulations apply to any split dollar life insurance arrangements entered into before September 17, 2003, if the arrangement is materially modified after September 17, 2003.

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

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

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

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The reasonable net premium cost for such amount of insurance that is purchased as part of a pension or profit-sharing plan is required to be included annually in the plan participant's gross income. This cost (generally referred to as the "P.S. 58" cost) is reported to the participant annually. If the plan participant dies while covered by the plan and the policy proceeds are paid to the participant's beneficiary, then the excess of the death benefit over the policy's accumulation value will not be subject to federal income tax. However, the policy's accumulation value will generally be taxable to the extent it exceeds the participant's cost basis in the policy. The participant's cost basis will generally include the costs of insurance previously reported as income to the participant. Special rules may apply if the participant had borrowed from the policy or was an owner-employee under the plan. The rules for determining "P.S. 58" costs are currently provided under Notice 2002-8, I.R.B. 2002-4.

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

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

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

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

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

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

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

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

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

LEGAL PROCEEDINGS

USL is a party to various lawsuits and proceedings arising in the ordinary course of business. Many of these lawsuits and proceedings arise in jurisdictions that permit damage awards disproportionate to the actual damages incurred. Based upon information presently available, USL 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 USL's results of operations and financial position.

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

FINANCIAL STATEMENTS

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

INDEX OF SPECIAL WORDS AND PHRASES

This index should help you to locate more information about some of the terms and phrases used in this prospectus.

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THIS DOCUMENT IS NOT PART OF ANY PROSPECTUS.

[LOGO] AIG AMERICAN GENERAL

Privacy Notice

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

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

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

- . Our Employees, Representatives, Agents, and Selected Third Parties may collect Nonpublic Personal Information about you, including information:
 - . Given to us on applications or other forms;
 - . About transactions with us, our affiliates, or third parties;
 - . From others, such as credit reporting agencies, employers, and federal and state agencies.
- . The types of Nonpublic Personal Information we collect depends on the products we offer to you and may include your: name; address; Social Security Number; account balances; income; assets; insurance premiums; coverage and beneficiaries; credit reports; marital status; and payment history. We may also collect Nonpublic Personal Health Information, such as medical reports, to underwrite insurance policies, process claims, or for other related functions.
- . We restrict access to Nonpublic Personal Information to those Employees, Representatives, Agents, or Selected Third Parties who provide products or services to you and who have been trained to handle Nonpublic Personal Information as described in this Notice.
- . We have policies and procedures that direct our Employees,

Representatives, Agents and Selected Third Parties acting for us, on how to protect and use Nonpublic Personal Information.

- . We have physical, electronic, and procedural safeguards in place that were designed to protect Nonpublic Personal Information.
- . We do not share Nonpublic Personal Information about you except as allowed by law.
- . We may disclose all types of Nonpublic Personal Information that we collect, including information regarding your transactions or experiences with us, when needed, to:
 - (i) Affiliated AIG American General companies, including the American International Group Inc. family of companies, and Employees, Representatives, Agents, and Selected Third Parties as permitted by law; or
 - (ii) other organizations with which we have joint marketing agreements as permitted by law.
- . The types of companies and persons to whom we may disclose Nonpublic Personal Information as permitted by law include: banks; attorneys; trustees; third-party administrators; insurance agents; insurance companies; insurance support organizations; credit reporting agencies; registered broker-dealers; auditors; regulators; and reinsurers.
- . We do not share your Nonpublic Personal Health Information unless authorized by you or allowed by law.
- . Our privacy policy applies, to the extent required by law, to our agents and representatives when they are acting on behalf of AIG American General.
- . You will be notified if our privacy policy changes.
- . Our privacy policy applies to current and former customers.

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

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

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

California, New Mexico and Vermont Residents Only:

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

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LOGO [AIG AMERICAN GENERAL]

HEADING [The United States Life Insurance Company in the City of New York]

For additional information about the Platinum Investor(R) Survivor II Policy and the Separate Account, you may request a copy of the Statement of Additional Information (the "SAI"), dated May 2, 2005. We have filed the SAI with the SEC and have incorporated it by reference into this prospectus. You may obtain a free copy of the SAI and the Policy or Fund prospectuses if you write us at our Administrative Center, which is located at United States Life, VUL Administration, P.O. Box 4880, Houston, Texas 77210-4880 or call us at 1-800-251-3720. You may also obtain the SAI from an insurance representative through which the Policies may be purchased. Additional information about the Platinum Investor Survivor II Policies, including personalized illustrations of

death benefits, cash surrender values, and accumulation values is available without charge to individuals considering purchasing a Policy, upon request to the same address or phone number printed above. We may charge current Policy owners \$25 per illustration if they request more than one personalized illustration in a Policy year.

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

Policies issued by:

The United States Life Insurance Company in the City of New York
A member company of American International Group, Inc.
2727-A Allen Parkway, Houston, TX 77019

Platinum Investor Survivor II Last Survivor Flexible Premium Variable
Life Insurance
Policy Form Number 01206N

Available only in the state of New York

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

The underwriting risks, financial obligations and support functions associated with the products issued by The United States Life Insurance Company in the City of New York ("USL") are solely its responsibility. USL is responsible for its own financial condition and contractual obligations. The Policies are not available in all states.

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TEXT BOX [For E-Service and E-Delivery, or to view and print Policy or Fund prospectuses visit us at www.aigag.com]

TEXT BOX [IMSA LOGO INSURANCE MARKETPLACE STANDARDS ASSOCIATION
Membership in IMSA applies only to The United States Life Insurance Company in the City of New York and not to its products. ICA File No. 811-09359]

THE UNITED STATES LIFE INSURANCE COMPANY IN THE CITY OF NEW YORK
SEPARATE ACCOUNT USL VL-R

PLATINUM INVESTOR (R) SURVIVOR II

LAST SURVIVOR FLEXIBLE PREMIUM VARIABLE LIFE INSURANCE POLICIES

ISSUED BY

THE UNITED STATES LIFE INSURANCE COMPANY IN THE CITY OF NEW YORK

VUL ADMINISTRATION DEPARTMENT

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

TELEPHONE: 1-800-251-3720; 1-713-831-3913; HEARING IMPAIRED: 1-888-436-5258

STATEMENT OF ADDITIONAL INFORMATION

DATED MAY 2, 2005

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

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GENERAL INFORMATION

USL

We are The United States Life Insurance Company in the City of New York ("USL"). USL is a stock life insurance company organized under the laws of the State of New York on February 25, 1850. USL is an indirect, wholly-owned subsidiary of American International Group, Inc. ("AIG"). AIG, a Delaware corporation, is a holding company which through its subsidiaries is primarily engaged in a broad range of insurance and insurance-related activities and financial services in the United States and abroad. AIG American General is a marketing name of USL and its affiliates. The commitments under the Policies are USL's, and AIG has no legal obligation to back those commitments.

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

Separate Account USL VL-R

We hold the Fund shares in which any of your accumulation value is invested in Separate Account USL VL-R. Separate Account USL VL-R is registered as a unit investment trust with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940. We created the Separate Account on August 8, 1997 under New York law.

For record keeping and financial reporting purposes, Separate Account USL VL-R is divided into 52 separate "divisions," 50 of which are available under the Policies offered by the Policy prospectus as variable "investment options." All of these 50 divisions and the remaining 2 divisions are offered under other USL policies. We hold the Fund shares in which we invest your accumulation value for an investment option in the division that corresponds to that investment option.

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

SERVICES

USL and American General Life Companies, LLC ("AGLC"), are parties to a services agreement. USL 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 USL under the AIG holding company system at cost. Those services include data processing systems,

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customer services, product development, actuarial, internal auditing, accounting and legal services. During 2004, 2003 and 2002, USL paid AGLC for these services \$130,872,664, \$121,370,503 and \$97,878,454, respectively. Services provided in 2003 increased substantially over previous years.

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

DISTRIBUTION OF THE POLICIES

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

The Policies are offered on a continuous basis.

We and AGESC have sales agreements with various broker-dealers and banks under which the Policies will be sold by registered representatives of the broker-dealers or employees of the banks. These registered representatives and employees are also required to be authorized under applicable state regulations as life insurance agents to sell variable life insurance. The broker-dealers are ordinarily required to be registered with the SEC and must be members of the NASD.

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

- . 90% of the premiums received in the first Policy year up to a "target" amount;
- . 3% of the premiums up to the target amount received in each of Policy years 2 through 10;
- . 3% of the premiums in excess of the target amount received in each of Policy years 1 through 10;
- . 0.20% of the Policy's accumulation value (reduced by any outstanding loans) in the investment options in each of Policy years 2 through 20;

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- . 0.10% of the Policy's accumulation value (reduced by any outstanding loans) in the investment options after Policy year 20;
- . a comparable amount of compensation to broker-dealers or banks with respect to any increase in the specified amount of coverage that you request; and
- . any amounts that we may pay for broker-dealers or banks expense allowances, bonuses, wholesaler fees, training allowances or additional compensation for the Policies.

The greater the percentage of supplemental coverage the owner selects when applying for a Policy or on future increases to the specified amount, the less compensation we would pay either for the sale of the Policy or for any additional premiums received during the first 10 Policy years (we do not pay compensation for premiums we receive after the 10th Policy year). We will pay the maximum level of compensation if the owner chooses 100% base coverage.

At our discretion, we may pay additional first Policy year commissions to any broker-dealer or bank for sales conducted by a particular registered representative of that broker-dealer or bank. We may pay up to a total of 99% of the premiums we receive in the first Policy year.

The target amount is an amount of level annual premium that would be necessary to support the benefits under your Policy, based on certain assumptions that we believe are reasonable.

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

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

We sponsor a non-qualified deferred compensation plan ("Plan") for our insurance agents. Some of our agents are registered representatives of our subsidiary broker-dealer American General Securities Incorporated and sell the Policies. These agents may, subject to regulatory approval, receive benefits under the Plan when they sell the Policies. The benefits are deferred and the Plan terms may result in the agent never receiving the benefits. The Plan provides for a varying amount of benefits annually. We have the right to change the Plan in ways that affect the amount of benefits earned each year.

PERFORMANCE INFORMATION

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

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

We may compare a division's performance to that of other variable life separate accounts or investment products, as well as to generally accepted indices or analyses, such as those provided by research firms and rating services. In addition, we may use performance ratings that may be reported periodically in financial publications, such as Money Magazine, Forbes, Business Week, Fortune, Financial Planning and The Wall Street Journal. We also may advertise ratings of USL's financial strength or claims-paying ability as determined by firms that analyze and rate insurance companies and by nationally recognized statistical rating organizations.

ADDITIONAL INFORMATION ABOUT THE POLICIES

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

Cost of insurance rates. Because of specified amount increases,

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

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

More About The Fixed Account

Our general account. Our general account assets are all of our assets that we do not hold in legally segregated separate accounts. Our general account supports our obligations to you under your

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

How we declare interest. Except for amounts held as collateral for loans, we can at any time change the rate of interest we are paying on any accumulation value allocated to our Fixed Account, but it will always be at an effective annual rate of at least 3%.

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

Adjustments to Death Benefit

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

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

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

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

ACTUARIAL EXPERT

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

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MATERIAL CONFLICTS

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

if:

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

The investment portfolios may sell shares to certain qualified pension and retirement plans qualifying under Code Section 401. These include cash or deferred arrangements under Code Section 401(k). Therefore, there is a possibility that a material conflict may arise between the interests of owners in general, or certain classes of owners, and these retirement plans or participants in these retirement plans.

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

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

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

FINANCIAL STATEMENTS

In 2002, due to AIG's acquisition of USL and its affiliated companies, USL changed its independent auditor from Ernst & Young LLP, located at 1401 McKinney Street, Suite 1200, 5 Houston Center, Houston, Texas 77010 and 787 Seventh Avenue, New York, New York 10019 to PricewaterhouseCoopers LLP ("PWC") located at 1201 Louisiana Street, Suite 2900, Houston, Texas 77002-5678. AIG has been using PWC as its corporate-wide auditing firm.

Separate Account Financial Statements

We have not included any Separate Account financial statements in this SAI because as of the date of this SAI, none of the assets of the Separate Account were attributable to the Policies.

USL Financial Statements

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

Index to Financial Statements

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

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Financial Statements

The United States Life Insurance Company in the City of New York

Years ended December 31, 2004, 2003 and 2002

The United States Life Insurance Company in the City of New York

Financial Statements

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[LOGO] PricewaterhouseCoopers

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

Report of Independent Registered Public Accounting Firm

To the Stockholder and Board of Directors
The United States Life Insurance Company in the City of New York:

In our opinion, the accompanying balance sheets as of December 31, 2004 and 2003 and the related statements of income, shareholder's equity, comprehensive income, and of cash flows present fairly, in all material respects, the financial position of The United States Life Insurance Company in the City of New York (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 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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The United States Life Insurance Company in the City of New York

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 \$2,846,775 in 2004 and \$2,675,666 in 2003)	\$3,062,420	\$2,868,359
Fair value securities, available for sale, at fair value (cost - \$8,166 in 2004 and \$3,225 in 2003)	9,003	4,040
Mortgage loans on real estate, net of allowance (\$0 in 2004 and \$598 in 2003)	153,543	141,557
Policy loans	195,394	193,213
Other long-term investments	17,927	18,433
Short-term investments, at cost (approximates fair value)	22,389	3,876
Total investments	3,460,676	3,229,478
Cash	7,811	24,385
Note receivable - affiliate	122,000	122,000
Receivable from affiliates	130,158	--
Accrued investment income	44,077	44,236
Accounts and premiums receivable	131,232	181,154
Reinsurance recoverable - paid losses	16,462	18,674
Reinsurance recoverable - unpaid losses	1,083,654	961,795
Deferred policy acquisition costs	147,817	179,585
Property and equipment	1,589	2,267
Assets held in separate accounts	3,134	2,729
Other assets	26,727	28,027
Total assets	\$5,175,337	\$4,794,330

</TABLE>

See accompanying notes to financial statements.

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The United States Life Insurance Company in the City of New York

Balance Sheets

<TABLE>

<CAPTION>

	December 31	
	2004	2003
	(In Thousands)	
<S>	<C>	<C>
Liabilities and shareholder's equity		
Liabilities:		
Policyholders' contract deposits	\$2,087,330	\$1,987,333
Future policy benefits for life and accident and health insurance contracts	1,503,043	1,256,519
Reserve for unearned premiums	198,113	231,998
Policy and contract claims	478,043	204,879
Income taxes payable		
Current	(112,476)	(1,536)
Deferred	776	8,800
Payable to affiliates	28,993	18,523
Reinsurance payable	112,083	113,145
Liabilities held in separate accounts	3,134	2,729
Other liabilities	167,423	205,090
Total liabilities	4,466,462	4,027,480
Shareholder's equity:		
Common stock, \$2 par value, 1,980,658 shares authorized, issued, and outstanding	3,961	3,961
Additional paid-in capital	345,077	225,077
Accumulated other comprehensive income	91,193	79,276
Retained earnings	268,644	458,536
Total shareholder's equity	708,875	766,850
Total liabilities and shareholder's equity	\$5,175,337	\$4,794,330

</TABLE>

See accompanying notes to financial statements.

The United States Life Insurance Company in the City of New York

Statements of Income

<TABLE>

<CAPTION>

	Year ended December 31		
	2004	2003	2002
	(In Thousands)		
<S>	<C>	<C>	<C>
Revenues:			
Premiums and other considerations (see Note 13)	\$ 561,197	\$303,764	\$294,484
Net investment income	226,697	229,063	225,463
Net realized investment (losses) gains	(7,523)	554	(20,986)
Other	11,674	14,397	11,319
Total revenues	792,045	547,778	510,280
Benefits and expenses:			
Death and other benefits (see Note 13)	843,714	206,292	184,138
Interest credited	91,470	94,046	96,894
Operating costs and expenses	154,637	163,136	151,926
Total benefits and expenses	1,089,821	463,474	432,958
(Loss) income before income taxes	(297,776)	84,304	77,322
Income taxes:			
Current	(90,601)	33,217	21,319
Deferred	(17,413)	(7,616)	3,474
Total income taxes	(108,014)	25,601	24,793
Net (loss) income before cumulative effect of accounting change	(189,762)	58,703	52,529
Cumulative effect of accounting change, net of tax	(130)	--	--
Net (loss) income	\$ (189,892)	\$ 58,703	\$ 52,529

</TABLE>

See accompanying notes to financial statements.

The United States Life Insurance Company in the City of New York

Statements of Shareholder's Equity

	Year ended December		
	2004	2003	2002
	(In Thousands)		
Common stock:			
Balance at beginning and end of year	\$ 3,961	\$ 3,961	\$ 3,961
Additional paid-in capital:			
Balance at beginning of year	225,077	225,077	225,077
Capital contribution	120,000	--	--
Balance at end of year	345,077	225,077	225,077
Accumulated other comprehensive income:			
Balance at beginning of year	79,276	60,524	15,801
Other comprehensive income	11,917	18,752	44,723
Balance at end of year	91,193	79,276	60,524
Retained earnings:			
Balance at beginning of year	458,536	399,833	457,204
Net (loss) income	(189,892)	58,703	52,529

Dividends paid	--	--	(109,900)
Balance at end of year	268,644	458,536	399,833
Total shareholder's equity	\$ 708,875	\$766,850	\$ 689,395

See accompanying notes to financial statements.

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The United States Life Insurance Company in the City of New York

Statements of Cash Flows

<TABLE>
<CAPTION>

	Year ended December		
	2004	2003	2002
		(In Thousands)	
<S>	<C>	<C>	<C>
Operating activities			
Net (loss) income	\$ (189,892)	\$ 58,703	\$ 52,529
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:			
Change in accounts and premiums receivable	49,922	(87,954)	(40,747)
Change in future policy benefits and other policy claims	111,383	(111,849)	(100,368)
Interest credited to policyholders' contracts	91,470	94,046	96,894
Increase in workers' compensation claim reserve, net	179,031	--	--
Amortization of policy acquisition costs	64,605	63,482	64,908
Policy acquisition costs deferred	(40,573)	(52,871)	(45,848)
Provision for deferred income tax expense	(17,413)	(7,616)	3,474
Depreciation	678	1,038	835
Amortization	(6,425)	(11,170)	(12,372)
Change in indebtedness to/from affiliates	312	8,420	7,795
Change in reinsurance balances	(120,709)	(70,137)	(74,030)
Net loss (gain) on sale of investments	7,523	(554)	20,986
Other, net	(50,044)	(31,306)	39,044
Net cash provided by (used in) operating activities	79,868	(147,768)	13,100
Investing activities			
Purchases of: Fixed maturity and equity securities	(1,201,556)	(1,331,393)	(1,194,640)
Mortgages	(26,573)	(26,470)	(13,750)
Other investments	(1,098,534)	(1,364,039)	(1,565,479)
Sales of: Fixed maturity and equity securities	861,242	1,032,484	790,234
Mortgages	15,209	15,866	10,261
Other investments	1,069,506	1,489,949	1,625,492
Redemptions and maturities of fixed maturity and equity securities	175,503	224,051	330,371
Sales and purchases of property and equipment, net	--	--	(108)
Net cash (used in) provided by investing activities	(205,203)	40,448	(17,619)
Financing activities			
Policyholders' contract deposits	195,738	204,112	230,097
Policyholders' contract withdrawals	(86,977)	(87,041)	(115,136)
Dividends paid	--	--	(109,900)
Net cash provided by financing activities	108,761	117,071	5,061
(Decrease) increase in cash	(16,574)	9,751	542
Cash at beginning of year	24,385	14,634	14,092
Cash at end of year	\$ 7,811	\$ 24,385	\$ 14,634

</TABLE>

See accompanying notes to financial statements.

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The United States Life Insurance Company in the City of New York

Statements of Comprehensive Income

	Year ended December		
	2004	2003	2002
	(In Thousands)		
Net (loss) income	\$(189,892)	\$ 58,703	\$ 52,529
Other comprehensive income:			
Net change in unrealized gains on investments	26,055	33,026	91,524
Reclassification adjustment for amounts included in net income	(7,720)	(4,162)	(22,718)
Deferred income tax expense on above changes	(6,418)	(10,112)	(24,083)
Other comprehensive income	11,917	18,752	44,723
Comprehensive (loss) income	\$(177,975)	\$ 77,455	\$ 97,252

See accompanying notes to financial statements.

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements

1. Nature of Operations

The United States Life Insurance Company in the City of New York (the "Company") is a wholly-owned subsidiary of AGC Life Insurance Company ("AGC Life" or the "Parent"), whose parent is American General Corporation ("AGC"), and its ultimate parent is American International Group, Inc. ("AIG").

Effective December 31, 2002, American General Life Insurance Company of New York ("AG New York"), an affiliated entity, merged with and into the Company. Effective December 31, 2003, North Central Life Insurance Company ("NCL"), an affiliated entity, merged with and into the Company. These mergers have been accounted for at historical cost in a manner similar to a pooling of interests business combination. Accordingly, the accompanying financial statements reflect the financial position, operating results and cash flows of the merged entities.

The Company offers a broad portfolio of individual life and annuity products as well as group and credit insurance. The individual life and annuity products include universal life, variable universal life, term, whole life and interest sensitive whole life as well as fixed and variable annuities. These individual life and annuity products are sold primarily to affluent markets, generally through independent general agencies and producers as well as financial institutions. The Company also provides products for preferred international markets and other target markets through lower cost distribution channels.

Group insurance products include group life, accidental death & dismemberment ("AD&D"), dental, vision and disability coverage and are sold through independent general agents and producers as well as third party administrators. These products are marketed nationwide to employers, professional and affinity associations.

The Company's credit products are credit life and credit accident and health policies that provide payments on loans if a borrower dies or becomes disabled. The Company markets these products to financial institutions in the state of New York.

2. Accounting Policies

2.1 Preparation of Financial Statements

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). 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 policy acquisition costs and future policy benefits. Ultimate results could differ from those estimates.

The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

2. Accounting Policies (continued)

2.1 Preparation of Financial Statements (continued)

Certain items in the prior year financial statements have been reclassified to conform to the current year presentation. The reclassifications have no material effect on the Company's shareholder's equity or net income.

2.2 Insurance Contracts

The insurance contracts accounted for in these financial statements are long-duration contracts.

Contracts include traditional whole life, term life, endowment, universal life, limited payment, investment contracts, dental, AD&D, excess major medical, hospital indemnity and disability policies. 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.

2.3 Investments

Fixed Maturity and Equity Securities

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

Short-Term Investments

Short-term investments consist of money market instruments and are carried at cost, which approximates fair value.

The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

2. Accounting Policies (continued)

2.3 Investments (continued)

Policy Loans

Policy loans are reported at the 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.

Mortgage Loans

Mortgage loans are reported at the unpaid principal balance, net of unamortized loan origination fees and costs and an allowance for losses. The allowance for losses covers all non-performing loans and loans for which management has a concern based on its assessment of risk factors, such as potential non-payment or non-monetary default. The allowance is based on a loan-specific review and a formula that reflects past results and current trends.

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 considered to be collateral dependent and are reported at the lower of amortized cost or fair value of the underlying collateral, less estimated cost to sell.

Other Long-Term Investments

Other long-term investments consist of limited partnerships. Partnerships in which the Company holds less than a five percent interest are carried at fair value and the change in fair value is recognized as a component of other comprehensive income. Partnerships in which the Company holds a five percent or more interest are also carried at fair value and the change in fair value is recorded in earnings, consistent with the equity method of accounting.

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

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

2. Accounting Policies (continued)

2.3 Investments (continued)

Securities Lending Collateral and Securities Lending Payable (continued)

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 income is generally recorded when earned. Premiums and discounts arising from the purchase of certain mortgage and asset-backed securities are amortized into investment income over the estimated remaining term of the securities, adjusted for anticipated prepayments. The retrospective method is used to account for the impact on investment income of changes in the estimated future cash for these securities. Premiums and discounts on other fixed maturity securities are amortized using the interest method over the remaining term of the security. Interest on delinquent mortgage loans is recorded as income when received. Dividends are recorded as income on ex-dividend dates.

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

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

2. Accounting Policies (continued)

2.3 Investments (continued)

Realized Investment Gains (Losses)

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 Company's 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.

2.4 Cash

Cash includes currency on hand and demand deposits with banks or other financial institutions. Short term investments are not treated as cash equivalents in the statements of cash flows, as purchases and sales of all short term investments are part of the investing activities of the Company.

2.5 Deferred Policy Acquisition Costs ("DPAC")

Certain costs of writing an insurance policy, including commissions, underwriting, and marketing expenses, are deferred and reported as DPAC.

DPAC associated with individual, interest-sensitive life contracts is charged to expense in relation to the estimated gross profits of those contracts. DPAC associated with insurance

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

2. Accounting Policies (continued)

2.5 Deferred Policy Acquisition Costs ("DPAC") (continued)

investment contracts is effectively charged off over the period ending one year beyond the surrender charge period. DPAC associated with other individual insurance contracts and single premium credit business is charged to expense over the premium-paying period or as the premiums are earned over the life of the contracts.

DPAC associated with interest-sensitive life contracts is adjusted for the impact on estimated future gross profits as if net unrealized gains (losses) on securities supporting those contracts had been realized at the balance sheet date. The impact of this adjustment is included in accumulated other comprehensive income within shareholder's equity.

The Company reviews the carrying amount of DPAC on at least an annual basis. Management considers estimated future gross profits or future premiums, future lapse rates, expected mortality/morbidity, interest earned and credited rates, persistency and expenses in determining whether the carrying amount is recoverable.

2.6 Revenue Recognition

Premiums for traditional life insurance are recognized when due. Most receipts for annuities and interest-sensitive life insurance policies are classified as deposits instead of revenue. Revenues for these contracts consist of mortality, expense, and surrender charges and are included in premium and other considerations in the statements of income. 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 (see Note 2.5).

Premiums for group and credit business are earned over the contract term. The portion of group and credit premiums that are not earned at the end of a reporting period are recorded as unearned premium. The Company estimates and accrues group and credit premiums due but not yet collected.

2.7 Policy and Contract Claim Reserves

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

Reserves for traditional life and annuity payout contracts are based on estimates of the cost of future policy benefits. Interest assumptions used to compute reserves ranged from 2.00% to 11.25% at December 31, 2004. Reserves for traditional life are determined using the net level premium method. For deferred annuities and interest sensitive life insurance policies reserves equal the sum of the policy account balance and deferred revenue charges.

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

2. Accounting Policies (continued)

2.7 Policy and Contract Claim Reserves (continued)

For group and credit contracts the policy reserve is equal to the unearned premium reserves. The unearned premium reserve for group business is based on gross premium and is calculated on a pro rata basis. The unearned premium reserve for credit business is based on one of three methods, rule of 78, pro rata or mean of rule of 78 and pro rata.

Incurred but not reported claim reserves for accident and health business are based upon historical patterns demonstrated through run-out studies. Reserves for open long-term disability claims are based on the 1985 Commissioner Disability Tables, modified for Company experience. The interest rate assumption varies by year of incurral, but the average approximates 6.26%. Reserves for credit disability claims are based on the 1964 Commissioner Disability Tables, modified for Company experience, at 3.0%. LAE reserves are most material on LTD claims. These reserves are calculated as a percentage of the claim reserves based on factors derived from expense studies.

Waiver of premium reserves for life insurance are based on the 1970 Krieger table at 3% interest.

The Company applied a discount of \$17.2 million to the outstanding claim reserves attributable to workers' compensation business assumed from Superior National Insurance Company described more fully in Note #13--Contingencies. The discount was calculated at a rate of 3%.

2.8 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.

Recoverables are recorded for the portion of benefits paid and insurance liabilities that have been reinsured. 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. Premiums ceded and currently due to reinsurers are recorded as reinsurance balances payable.

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

2. Accounting Policies (continued)

2.9 Participating Policy Contracts

The portion of earnings allocated to participating policyholders that cannot be expected to inure to the shareholder 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 \$3.6 million, \$4.1 million and \$3.7 million in 2004, 2003 and 2002, respectively, and are included in death and other benefits in the statements of income.

2.10 Income Taxes

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.

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. The Company has not recorded any valuation allowances as of December 31, 2004 or 2003.

2.11 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 nor trader in derivative instruments.

Financial instruments used by the Company for such purposes include interest rate swaps and foreign currency swaps.

The Company recognizes all derivatives in the balance sheet at fair value 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 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

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

2. Accounting Policies (continued)

2.11 Derivatives (continued)

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.

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 instruments subsequently extinguished or sold, any related gain or loss deferred from the swap would be recognized immediately into

income.

2.12 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

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

2. Accounting Policies (continued)

2.12 Recently Issued Accounting Standards (continued)

between the net amount added to the balance sheet and any previously recognized interest being recognized as the cumulative effect of an accounting change.

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

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

- i. The Company 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 guaranteed minimum death benefits related to its variable annuity and variable life contracts and secondary guarantees on interest sensitive 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 \$130 thousand to reflect this 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

The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

2. Accounting Policies (continued)

2.12 Recently Issued Accounting Standards (continued)

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.

In March 2004, the EITF of the FASB reached a final consensus on Issue 03-01, "Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments." This Issue establishes impairment models for determining whether to record impairment losses associated with investments in certain equity and debt securities. It also requires income to be accrued on a level-yield basis following an impairment of debt securities, where reasonable estimates of the timing and amount of future cash flows can be made. The Company's policy is generally to record income only as cash is received following an impairment of a debt security. In September 2004, the FASB issued Staff Position ("FSP") EITF 03-01-1, which defers the effective date of a substantial portion of EITF 03-01, from the third quarter of 2004, as originally required by the EITF, until such time as FASB issues further implementation guidance, which is expected sometime in 2005. The Company will continue to monitor developments concerning this Issue and is currently unable to estimate the potential effects of implementing EITF 03-01 on the Company's financial position or results of operations.

In June 2004, the FASB issued FSP No. 97-1, "Situations in Which Paragraphs 17(b) and 20 of FASB Statement No. 97, Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments, Permit or Require Accrual of an Unearned Revenue Liability." FSP 97-1 clarifies the accounting for unearned revenue liabilities of certain universal-life type contracts under SOP 03-1. The Company's adoption of FSP 97-1 on July 1, 2004 did not change the accounting for unearned revenue liabilities and, therefore, had no impact on the Company's financial position or results of operations. In September 2004, the AICPA SOP 03-1 Implementation Task Force issued a Technical Practice Aid ("TPA") to clarify certain aspects of SOP 03-1. The Company is currently evaluating the effect of implementation of this TPA in its operations on the Company's financial position or results of operations.

In December 2004, the FASB issued Statement No. 123 (revised 2004) ("FAS 123R"), "Share-Based Payment." FAS 123R replaces FASB Statement No. 123 ("FAS 123"), "Accounting for Stock-based Compensation," and 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

The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

2. Accounting Policies (continued)

2.12 Recently Issued Accounting Standards (continued)

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.

2.13 Separate Account Business

Separate Accounts are assets and liabilities associated with variable universal life and variable annuities for which the investment risk lies solely with the contract holder. Therefore, the Company's liability for these accounts equals the value of the account assets. Investment income, realized investment gains, and deposits and withdrawals related to Separate Accounts are excluded from the Company's financial statements. The assets of each account are legally

segregated and are not subject to claims that arise out of the Company's other business. Assets held in Separate Accounts are primarily shares in mutual funds, which are carried at fair value.

3. Investments

3.1 Investment Income

Investment income by type of investment was as follows:

	2004	2003	2002
	-----	-----	-----
	(In Thousands)		
Investment income:			
Fixed maturities	\$196,757	\$200,784	\$200,492
Equity securities	600	2,277	159
Mortgage loans on real estate	10,718	10,475	10,090
Policy loans	12,867	13,344	12,525
Other long-term investments	5,732	1,430	(26)
Short-term investments	792	2,092	3,474
Investment income from affiliates	2,138	2,132	2,847
	-----	-----	-----
Gross investment income	229,604	232,534	229,561
Investment expenses	2,907	3,471	4,098
	-----	-----	-----
Net investment income	\$226,697	\$229,063	\$225,463
	=====	=====	=====

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

3. Investments (continued)

3.2 Investment Gains and Losses

The net realized (losses) gains by type of investment are summarized below:

	2004	2003	2002
	-----	-----	-----
	(In Thousands)		
Realized (losses) gains on investments:			
Fixed maturities:			
Gross gains	\$ 11,176	\$ 31,752	\$ 20,653
Gross losses	(16,808)	(26,565)	(36,370)
DPAC	--	--	(4,375)
	-----	-----	-----
Total fixed maturities	(5,632)	5,187	(20,092)
Other investments	(1,891)	(4,633)	(894)
	-----	-----	-----
Net realized investment (losses) gains	\$ (7,523)	\$ 554	\$ (20,986)
	=====	=====	=====

During 2004, 2003 and 2002, the Company's realized losses included write-downs of \$6.6 million, \$17.0 million and \$19.9 million, respectively, for certain available for sale fixed maturity investments that experienced declines deemed to be other than temporary. Additionally, in 2004, 2003 and 2002 the Company's realized losses included write-downs of \$1.7 million, \$4.6 million and \$1.0 million, respectively, related to other than temporary declines in other long term investments.

The following table summarizes the gross unrealized losses and cost on investment securities, aggregated by major investment category and length of time that individual securities have been in a continuous unrealized position, at December 31, 2004:

<TABLE>

<CAPTION>

(In Thousands)	12 Months or Less		Greater than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
December 31, 2004						
Fixed Maturities	\$276,478	\$10,109	\$78,464	\$6,975	\$354,942	\$17,084
Equity Securities	1,293	175	--	--	1,293	175
Other Long Term Investments	--	--	2,859	524	2,859	524
	-----	-----	-----	-----	-----	-----

Total	\$277,771	\$10,284	\$81,323	\$7,499	\$359,094	\$17,783
	=====	=====	=====	=====	=====	=====

</TABLE>

The determination that a security has incurred an other than temporary decline in value and the amount of any loss recognition requires the judgment of the Company's management and a continual review of its investments.

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

3. Investments (continued)

3.3 Fixed Maturity and Equity Securities

All fixed maturity and equity securities are classified as available-for-sale and reported at fair value. Amortized cost and fair value at December 31, 2004 and 2003 were as follows:

<TABLE>

<CAPTION>

	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	\$1,914,639	\$177,263	\$ (8,985)	\$2,082,917
Below investment-grade	292,135	26,201	(6,322)	312,014
Mortgage-backed securities*	530,531	20,617	(1,556)	549,592
U.S. government obligations	58,118	3,828	--	61,946
Foreign governments	20,338	2,179	--	22,517
State and political subdivisions	31,014	2,641	(221)	33,434
	-----	-----	-----	-----
Total fixed maturity securities	\$2,846,775	\$232,729	\$ (17,084)	\$3,062,420
	=====	=====	=====	=====
Equity securities	\$ 8,166	\$ 1,012	\$ (175)	\$ 9,003
	=====	=====	=====	=====

</TABLE>

<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	\$2,013,162	\$174,118	\$ (14,821)	\$2,172,459
Below investment-grade	206,555	17,142	(8,909)	214,788
Mortgage-backed securities*	353,067	16,140	(864)	368,343
U.S. government obligations	62,551	5,383	(10)	67,924
Foreign governments	24,319	2,405	--	26,724
State and political subdivisions	16,012	2,131	(22)	18,121
	=====	=====	=====	=====
Total fixed maturity securities	\$2,675,666	\$217,319	\$ (24,626)	\$2,868,359
	=====	=====	=====	=====
Equity securities	\$ 3,225	\$ 824	\$ (9)	\$ 4,040
	=====	=====	=====	=====

</TABLE>

* Primarily include pass-through securities guaranteed by the U.S. government and government agencies for both December 31, 2004 and 2003.

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

3. Investments (continued)

3.3 Fixed Maturity and Equity Securities (continued)

The contractual maturities of fixed maturity securities at December 31, 2004 and 2003 were as follows:

	2004	
	Amortized Cost	Market Value
	(In Thousands)	
Fixed maturity securities, excluding mortgage-backed securities:		
Due in one year or less	\$ 76,866	\$ 78,328
Due after one year through five years	233,346	257,544
Due after five years through ten years	799,112	864,340
Due after ten years	1,206,919	1,312,632
Mortgage-backed securities	530,532	549,576
Total fixed maturity securities	\$2,846,775	\$3,062,420

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 \$1.03 billion, \$1.04 billion and \$1.12 billion during 2004, 2003 and 2002, respectively.

3.4 Unrealized Gains and Losses

Net unrealized gains (losses) on securities included in accumulated comprehensive income in shareholder's equity at December 31 were as follows:

	2004	2003	2002
	(In Thousands)		
Gross unrealized gains	\$235,110	\$218,143	\$220,994
Gross unrealized losses	(17,783)	(27,531)	(53,233)
DPAC and other fair value adjustments	(77,013)	(68,633)	(74,646)
Deferred federal income taxes	(49,121)	(42,703)	(32,591)
Net unrealized gains on securities	\$ 91,193	\$ 79,276	\$ 60,524

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

3. Investments (continued)

3.5 Non-Income Producing Assets

The amount of non-income producing assets was insignificant.

3.6 Investments Greater Than 10% of Shareholder's Equity

There were no individual investment securities in which the market value exceeded 10% of the Company's total shareholder's equity as of December 31, 2004, other than the Senior Promissory Note from American General Corporation of \$122 million as reported in Note 7.

4. Deferred Policy Acquisition Costs

The balance of DPAC at December 31 and the components of the change in the balance for the years then ended were as follows:

	2004	2003	2002
	(In Thousands)		
Balance at January 1	\$179,585	\$186,776	\$239,301
Capitalization	40,573	49,478	49,241
Amortization	(64,605)	(63,482)	(64,908)
Effect of unrealized gains and losses on securities	(7,736)	6,813	(32,483)
Effect of realized gains and losses	--	--	(4,375)

Balance at December 31	----- \$147,817 =====	----- \$179,585 =====	----- \$186,776 =====
------------------------	-----------------------------	-----------------------------	-----------------------------

5. Policyholders' Contract Deposits and Future Policy Benefits

The analysis of the policyholders' contract deposits and future policy benefits at December 31, 2004 and 2003 follows:

	2004	2003
	-----	-----
	(In Thousands)	
Policyholders' contract deposits:		
Annuities	\$ 377,455	\$ 377,385
Universal life	1,498,377	1,441,429
Other investment contracts	211,498	168,519
	-----	-----
	\$2,087,330	\$1,987,333
	=====	=====

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

5. Policyholders' Contract Deposits and Future Policy Benefits (continued)

	2004	2003
	-----	-----
	(In Thousands)	
Future policy benefits:		
Ordinary life	\$ 511,285	\$ 483,936
Group life	79,395	78,936
Life contingent annuities	178,775	193,521
Accident and health	733,588	500,126
	-----	-----
	\$1,503,043	\$1,256,519
	=====	=====

(a) The liability for policyholders' contract deposits has been established based on the following assumptions:

- (i) Interest rates credited on deferred annuities, which vary by territory and year of issuance, range from 3.0% to 5.0%. Current declared interest rates are generally guaranteed to remain in effect for a period of one year though some are guaranteed for longer periods. Withdrawal charges generally range from zero to 6% grading to zero over a period of 6 to 7 years.
- (ii) Interest rates on corporate-owned life insurance business are guaranteed at 4.00% and the weighted average rate credited in 2004 was 4.25%.
- (iii) The universal life funds, exclusive of corporate-owned life insurance business, have credited interest rates of 3.9% to 5.6% and guarantees ranging from 3.0% to 5.0% depending on the year of issue. Additionally, universal life funds are subject to surrender charges that amount to 16.0% of the fund balance and grade to 0% over a period not longer than 19 years.

(b) The liability for future policy benefits has been established based upon the following assumptions:

Interest rates on immediate annuities, which vary by year of issuance and products, range from 2.50% to 11.25%.

Mortality and surrender rates are based upon actual experience modified to allow for variations in policy form. The weighted average lapse rate for individual life, including surrenders, approximated 4.1%.

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

6. Federal Income Taxes

6.1 Tax Liabilities

Income tax liabilities were as follows:

	December 31	
	2004	2003
	(In Thousands)	
Current tax (receivable)	\$ (112,476)	\$ (1,536)
Deferred tax liability	776	8,800
Income taxes (receivable) payable	\$ (111,700)	\$ 7,264

Components of deferred tax liabilities and assets at December 31 were as follows:

	2004	2003
	(In Thousands)	
Deferred tax assets applicable to:		
Policy reserves	\$ (79,845)	\$ (76,829)
Other	(2,042)	(2,452)
Total deferred tax assets before valuation allowance	(81,887)	(79,281)
Deferred tax liabilities applicable to:		
Deferred policy acquisition costs	5,808	16,915
Basis differential of investments	21,927	20,582
Net unrealized gains on debt and equity securities available for sale	49,183	42,704
Other	5,745	7,880
Total deferred tax liabilities	82,663	88,081
Net deferred tax liabilities	\$ 776	\$ 8,800

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 \$48 million of policyholders' surplus on which no deferred tax liability has been recognized, as federal income taxes are not required unless this amount is distributed as a dividend or recognized under other specified conditions. The Company does not believe that any significant portion of the account will be taxed in the foreseeable future. If the entire policyholders' surplus account became taxable at the current federal income tax rates, the tax would be approximately \$17 million. The American Jobs Creation Act of 2004

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

6. Federal Income Taxes (continued)

6.1 Tax Liabilities (continued)

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.

6.2 Tax Expense

Components of income tax expense (benefit) for the years were as follows:

	2004	2003	2002
	(In Thousands)		
Current tax (benefit) expense	\$ (90,601)	\$ 33,217	\$ 21,319
Deferred tax (benefit) expense	(17,413)	(7,616)	3,474
Income tax (benefit) expense	\$ (108,014)	\$ 25,601	\$ 24,793

A reconciliation between the income tax expense computed by applying the federal income tax rate (35%) to income before taxes and the income tax expense reported in the financial statement is presented below.

	2004	2003	2002
	-----	-----	-----
	(In Thousands)		
Income tax at statutory percentage of GAAP pretax (loss) income	\$ (104,222)	\$ 29,507	\$ 27,063
Adjustments related to IRS settlement	--	(3,561)	(2,589)
Dividends received deduction	(6)	(163)	(37)
Tax-exempt investment income	(72)	(77)	(4)
Prior year true-ups	(3,714)	(65)	(15)
Other	--	(40)	375
	-----	-----	-----
Income tax (benefit) expense	\$ (108,014)	\$ 25,601	\$ 24,793
	=====	=====	=====

The other balance relates primarily to the reduction of certain tax liabilities that were recorded for prior years following the completion of the tax examinations discussed in Note 6.4.

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

6. Federal Income Taxes (continued)

6.3 Tax Paid

Income taxes paid amounted to approximately \$17.5 million, \$41.2 million and \$12.6 million in 2004, 2003 and 2002, respectively.

6.4 Tax Return Examinations

The Internal Revenue Service (IRS) is currently examining the Company's tax returns for the tax years 2000 to 2002. Although the final outcome of any issues raised in examination is uncertain, the Company believes that the ultimate liability, including interest, will not materially exceed amounts recorded in the consolidated financial statements.

6.5 Tax Sharing Agreement

The Company joins in the filing of a consolidated federal income tax return with AGC Life and its life insurance subsidiaries. The Company has a written agreement with AGC Life 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 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 agrees to reimburse the Company for the tax benefits, if any, from net operating losses and tax credits which are not usable by the subsidiary but which are used by other members of the consolidated group within ninety days after the filing of the consolidated federal income tax return for the year in which the losses and credits are used.

7. Transactions With Affiliates

On September 25, 2001, the Company purchased a Senior Promissory Note from American General Corporation in the amount of \$5 million. American General Corporation was the Company's ultimate parent prior to its acquisition by AIG on August 29, 2001. The note matures on September 15, 2006 and pays semi-annual interest at a rate equal to 1-month LIBOR plus 50 basis points.

On December 27, 2001, the Company purchased a Senior Promissory Note from American General Corporation in the amount of \$117 million. American General Corporation was the Company's ultimate parent prior to its acquisition by AIG on August 29, 2001. The note matures on December 27, 2006 and pays semi-annual interest at a rate equal to 1-month LIBOR plus 50 basis points.

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

7. Transactions With Affiliates (continued)

The Company owns 192 shares of the common stock of its ultimate parent, AIG. These securities are listed on the New York Stock Exchange and are therefore readily marketable. The value of these shares at December 31, 2004 was approximately \$13 thousand.

The Company is party to various cost sharing agreements with its affiliates. During 2004, 2003 and 2002, the Company was charged \$130.9 million, \$122.9 million and \$112.3 million, respectively, for expenses incurred by affiliates on its behalf. During 2002, the Company received reimbursements of \$1.6 million for services that it provided on behalf of its affiliates. The Company did not receive reimbursements for services in 2004 or 2003.

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.

The Company has also entered into reinsurance agreements with certain affiliates. Please refer to Note 14.

8. Accident and Health Reserves

Activity in the liability for policy and contract claims for the Company's accident and health coverage is summarized as follows:

	2004	2003	2002
	-----	-----	-----
<S>	<C>	<C>	<C>
Balance as of January 1, net of reinsurance recoverable	\$ 25,975	\$ 21,211	\$18,250
	-----	-----	-----
Add: Incurred losses (1)	341,335	31,179	25,635
	-----	-----	-----
Deduct: Paid losses related to:			
Current year	6,652	10,694	9,089
Prior years	17,117	15,721	13,585
	-----	-----	-----
Total paid losses	23,769	26,415	22,674
	-----	-----	-----
Balance as of December 31, net of reinsurance recoverable	343,541	25,975	21,211
Reinsurance recoverable	30,584	78,295	40,793
	-----	-----	-----
Balance as of December 31, gross of reinsurance recoverable	\$374,125	\$104,270	\$62,004
	=====	=====	=====

(1) Substantially all of the Company's incurred claims and claim adjustment expenses relate to the respective current year.

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

8. Accident and Health Reserves (continued)

The liability for unpaid claims and claim adjustment expenses relating to the Company's accident and health business is based on the estimated amount payable on claims reported prior to the date of the balance sheets which have not yet been settled, claims reported subsequent to the date of the balance sheets which have been incurred during the period then ended, and an estimate (based on past experience) of incurred but unreported claims relating to such periods.

9. Benefit Plans

Effective January 1, 2002, as a result of AIG's acquisition of American General Corporation, substantially all of the Company's employees are covered by various benefit plans of AIG. These plans include a non-contributory qualified defined benefit plan, various stock option and stock purchase plans and a voluntary qualified defined contribution savings plan. AIG's U.S. plans do not separately identify projected benefit obligations and plan assets attributable to employees of participating subsidiaries.

The Company maintains a defined contribution retirement plan for the benefit of its sales agents and managers. Investments in the plan currently consist of cash

deposits that earn interest at a rate of 5.30% per year and shares of AIG stock. As of December 31, 2004 and 2003, the liabilities associated with this plan were \$16.3 million and \$18.8 million, respectively.

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

10. 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.

Carrying amounts and fair values for certain of the Company's financial instruments at December 31 are presented below.

	2004		2003	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
	(In Millions)		(In Millions)	
Assets:				
Fixed maturity and equity securities	\$3,071	\$3,071	\$2,872	\$2,872
Mortgage loans on real estate	161	154	153	142
Policy loans	219	195	212	193
Other long term investments	18	18	18	18
Short term investments	22	22	4	4
Liabilities:				
Insurance investment contracts	540	530	514	502

The following methods and assumptions were used to estimate the fair value of financial instruments:

Fixed Maturity and Equity Securities

Fair values for fixed maturity securities were 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.

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

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

10. Fair Value of Financial Instruments (continued)

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.

Other Long Term Investments

Fair value of other invested assets is based upon the fair value of the net assets of these investments as determined by its general partners.

Short Term Investments

The carrying value reported in the balance sheet for these instruments approximates fair value.

Insurance Investment Contracts

Fair value of insurance investment contracts was estimated using cash flows discounted at market interest rates.

11. Statutory Financial Information; Dividend Paying Capability

The Company's statutory basis financial statements are prepared in accordance with accounting practices prescribed or permitted by the New York State Insurance Department (NYSID). There were no material permitted practices utilized by the Company in 2004, 2003 or 2002.

Effective January 1, 2001, the Codification of Statutory Accounting Principles ("Codification") guidance replaced the Accounting Practices and Procedures manual as the primary guidance on statutory accounting. The NYSID requires companies to prepare their statutory-basis financial statements in accordance with Codification, except where it conflicts with provisions of the New York Insurance Law. Although the NYSID initially chose not to adopt the provisions of Codification that relate to the recording of deferred tax assets, they decided to do so in 2002. Therefore, the company recorded an additional gain to surplus of \$47.8 million as of December 31, 2002.

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

11. Statutory Financial Information; Dividend Paying Capability (continued)

Statutory accounting practices for the Company differ from generally accepted accounting principles as follows: (1) fixed maturities available for sale are not recorded at market value; (2) policy acquisition costs are charged against operations instead of being deferred and amortized over the anticipated life of the contracts; (3) individual life and annuity policy reserves are adjusted based upon mortality, lapse and interest rate assumptions applicable to these coverages, including provisions for reasonable adverse deviations; these assumptions reflect the Company's experience and industry standards; (4) deferred income taxes provided for temporary differences between the bases of assets and liabilities for financial reporting and tax purposes are subject to certain limitations and are charged directly to surplus; (5) future policy benefits, policyholder contract deposits, policy and contract claims and unearned premiums are presented net of ceded reinsurance; (6) asset value and interest maintenance reserves are established using prescribed formulas.

The Company's policyholders' surplus and net income, as determined in accordance with statutory accounting practices, is summarized as follows:

	2004	2003	2002
	-----	-----	-----
	(In Thousands)		
Statutory net income for the year	\$ (228,568)	\$ 47,604	\$ 66,464
Statutory surplus at year-end	\$ 269,996	\$ 360,695	\$ 306,275

The maximum amount of dividends that can be paid by the Company without the prior approval of the New York State Superintendent of Insurance in a calendar year is the lesser of: (1) 10% of surplus as regards policyholders as of the immediately preceding calendar year or (2) the net gain from operations of such insurer for the immediately preceding calendar year.

The Company did not pay any dividends in 2004 or 2003. USL paid \$90.9 million and NCL paid \$19.0 million in dividends to AGC Life in 2002. The amounts paid in 2002 represented extraordinary dividends, for which the Companies received the necessary approvals from the New York and Minnesota Insurance Departments, respectively.

As of December 31, 2004 and 2003, the Company held fixed maturity securities with a carrying value of \$394 million and \$395 million, respectively, to satisfy the requirements of various state insurance departments.

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Notes to Financial Statements (continued)

12. Leases

The Company has various leases for office space and facilities. The Company's future minimum rental commitments under noncancellable leases are presented below:

Year ended December 31 -----	Gross Rent Expense -----	Sublease Rentals -----	Net Rent Expense -----
(In Thousands)			
2005	\$ 4,781	\$2,620	\$ 2,161
2006	4,645	2,621	2,024
2007	2,520	--	2,520
2008	2,520	--	2,520
2009	2,880	--	2,880
Thereafter	11,520	--	11,520
	-----	-----	-----
Total	\$28,866	\$5,241	\$23,625
	=====	=====	=====

Net rent expense incurred in 2004, 2003 and 2002 was \$1.9 million, \$2.7 million and \$4.1 million, respectively.

13. Contingencies

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.

From time to time in the normal course of business, the Company issues commitments to purchase various investments such as corporate securities, mortgage loans, etc. At December 31, 2004, the Company had \$6.5 million of unfunded commitments.

At December 31, 2004, the Company had not received notification of any insurance company insolvencies that are expected to result in a material guaranty fund assessment against the Company at some future date.

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Notes to Financial Statements (continued)

13. Contingencies (continued)

In 1997, USLIFE Corporation entered the workers' compensation reinsurance business. In 1998, the Company discontinued writing new workers' compensation reinsurance business. The largest contract written was a quota share reinsurance agreement with Superior National Insurance Group, Inc., Centre Insurance Company, and Converium Insurance (North America) (collectively, "Superior National"), effective May 1, 1998. On November 29, 1999, the Company initiated an arbitration proceeding to rescind this contract from its inception, based in part on misrepresentations and nondisclosures which the Company believed were made by Superior National.

In 2000, the California Department of Insurance ordered seizure of certain of Superior National's insurance subsidiaries as a result of their financial condition and Superior National Insurance Group, Inc. voluntarily filed for bankruptcy.

As a result of the May 1, 1998 reinsurance agreement with Superior National, the Company is subject to a statutory requirement to fund a California Special Schedule P deposit. The Company established a Special Schedule P deposit for the May 1, 1998 reinsurance agreement as required in June 1999. In September 2003, the California Department of Insurance, for the first time, demanded that the amount on deposit be increased. In October 2003, the Company entered into a

formal stipulation agreement with the Insurance Commissioner, "so ordered" by the California Superior Court, whereby the Company agreed to transfer certain assets into a Special Schedule P trust in response to the Department's demand, without prejudice to the rights of the Company or the Department to request an adjustment to the amount of the transfer following an inspection by the Company of the relevant books and records. The stipulation and order specifies that the funds put on deposit cannot be withdrawn by the Commissioner until after a final award is made in the arbitration. Per the stipulation agreement, an award will be deemed final upon the issuance of the award and the resolution of all post-award proceedings, including any motion to vacate or confirm the award and any appeals therefrom.

On March 30, 2004, the Company settled its dispute with Centre Insurance Company, the financial impact of which was reflected in the year ended December 31, 2003 financial statements.

On December 30, 2004, the arbitration panel issued a Final Interim Award. By a 2-1 majority, the panel denied the Company's claim for rescission, but "reformed" the May 1, 1998 contract to reduce the Company's liability by 10% in each of the three treaty periods.

On January 26, 2005, the Company settled its dispute with Converium Insurance (North America), the financial impact of which is reflected in the 2004 charges described below.

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The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

13. Contingencies (continued)

On January 27, 2005, the Company filed a motion to vacate the award. By order dated March 15, 2005, the district court denied the Company's motion. The Company will pursue an appeal of the order to the United States Court of Appeals for the Ninth Circuit. In addition, the arbitration panel established a schedule for determining what amounts are properly payable under the contract, and the Company will pursue all of its rights in this regard.

Based on the arbitration panel's ruling, the Company determined that its previous accounting, which assumed the contract was rescinded, was no longer supportable. Accordingly, the Company has recorded the premiums and benefits and other expenses related to the workers' compensation business in the period ended December 31, 2004 in the amount of \$270 million and \$640 million, respectively, for a net pretax charge of \$370 million. This net charge includes a charge for the Converium settlement and reflects consideration of certain retrocessional protections. Amounts recorded for ultimate losses under these contracts represent management's best estimates as of December 31, 2004, assuming the legal steps noted above are wholly or mainly unsuccessful. However, due to the uncertainty involved in estimating these ultimate losses as well as the ultimate collectibility of various reinsurance coverages, it is possible that additional losses which may be material to the Company's statement of operations will be incurred in future periods. Currently, management does not expect these additional losses to exceed \$210 million.

American General Corporation has committed to make contributions to the capital of the Company sufficient to meet its obligations under the treaty. The Company, with the approval of the New York State Department of Insurance, recorded a \$120 million capital contribution as of December 31, 2004. On February 10, 2005, the Company received such capital contribution from its parent. The Company, following appropriate regulatory approval, is expected to receive an additional capital contribution of \$130 million in early May. The total of the capital contributions, \$250 million, is the approximate after-tax charge of the \$370 million discussed above.

The Company is also 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, management believes that the total amounts ultimately paid, if any, arising from these lawsuits and proceedings will not have a material adverse effect on the Company's operating results or 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 United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

14. Reinsurance

The Company's group business is primarily reinsured with an affiliated entity, American General Assurance Company ("AGAC"). Effective January 1, 1998, the Company entered into an agreement to cede 49% of its credit life and credit accident and health business to AGAC. The Company subsequently entered into another agreement on October 1, 1998 to cede 49% of its New York and 100% of its non-New York group life (excluding permanent policies) and group accident and health business to AGAC. This agreement required AGAC to pay the Company a ceding commission of \$13 million at the inception.

In December 2002 the Company entered into a coinsurance/modified coinsurance agreement with AIG Life of Bermuda, Ltd. ("ALB"), an affiliate. The agreement has an effective date of March 1, 2002. Under the agreement, ALB reinsures a 90% quota share of the Company's liability on virtually all level term 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. Under the agreement, the Company will retain the assets supporting the reserves ceded to ALB. At December 31, 2004 and 2003, these assets and the related reserves totaled approximately \$14.2 million and \$3.9 million, respectively.

The agreement also provides for an experience refund of all profits, less a reinsurance risk charge. The impact of the agreement on the Company's consolidated results of operations for the years ended December 31, 2004 and 2003 was an after-tax expense of approximately \$690 thousand and \$292 thousand, respectively, representing the risk charge associated with the coinsurance agreement.

The effect of reinsurance transactions on group and individual premiums and life insurance in force for the years ended December 31, 2004, 2003 and 2002 is presented below:

<TABLE>
<CAPTION>

December 31, 2004	Gross	Ceded	Assumed	Net	Percentage of Amount Assumed to Net
(In Thousands)					
<S>	<C>	<C>	<C>	<C>	<C>
Life Insurance in Force	\$140,259,593	\$ (106,911,901)	\$ 20,706	\$33,368,398	0.1%
Premiums:					
Life	\$ 434,350	\$ (218,115)	\$ 114	\$ 216,349	0.1%
Accident and Health	448,524	(541,016)	420,365	327,873	128.2%
Annuity	17,016	(41)	--	16,975	0.0%
Total Premiums	\$ 899,890	\$ (759,172)	\$420,479	\$ 561,197	74.9%

</TABLE>

The United States Life Insurance Company in the City of New York

Notes to Financial Statements (continued)

14. Reinsurance (continued)

<TABLE>
<CAPTION>

December 31, 2003	Gross	Ceded	Assumed	Net	Percentage of Amount Assumed to Net
(In Thousands)					
<S>	<C>	<C>	<C>	<C>	<C>
Life Insurance in Force	\$129,814,185	\$ (96,226,940)	\$43,291	\$33,630,536	0.1%
Premiums:					
Life	\$ 433,646	\$ (212,329)	\$ 609	\$ 221,926	0.3%
Accident and Health	463,978	(403,711)	2,107	62,374	3.4%

Annuity	19,478	(15)	1	19,464	0.0%
Total Premiums	\$ 917,102	\$ (616,055)	\$ 2,717	\$ 303,764	0.9%

</TABLE>

<TABLE>
<CAPTION>

December 31, 2002	Gross	Ceded	Assumed	Net	Percentage of Amount Assumed to Net
(In Thousands)					
<S>	<C>	<C>	<C>	<C>	<C>
Life Insurance in Force	\$108,991,814	\$ (76,813,308)	\$35,408	\$32,213,914	0.1%
Premiums:					
Life	\$ 396,794	\$ (186,441)	\$ 617	\$ 210,970	0.3%
Accident and Health	411,215	(358,875)	8,509	60,849	14.0%
Annuity	22,665	--	--	22,665	0.0%
Total Premiums	\$ 830,674	\$ (545,316)	\$ 9,126	\$ 294,484	3.1%

</TABLE>

For the years ended December 31, 2004, 2003 and 2002, reinsurance recoveries reduced death and other benefits by \$489 million, \$435 million and \$404 million, respectively.

Information related to intercompany reinsurance is as follows:

	2004	2003	2002
(In Thousands)			
Premium ceded	\$532,166	\$532,616	\$461,648
Benefits ceded	399,313	408,999	332,263
Commissions and expenses charged	172,619	157,217	137,911
Reinsurance recoverable - paid losses	892	809	575
Reinsurance recoverable - unpaid losses	743,671	680,299	580,147
Reinsurance payables	94,184	101,025	71,889

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PART C: OTHER INFORMATION

Item 26. Exhibits

- (a) Board of Directors Resolution.
- (1) The United States Life Insurance Company in the City of New York Board of Directors resolution authorizing the establishment of The United States Life Insurance Company in the City of New York Separate Account USL VL-R and among other things the marketing of variable life products in New York. (3)
- (b) Custodian Agreements. Inapplicable.
- (c) Underwriting Contracts.
- (1) Distribution Agreement between The United States Life Insurance Company in the City of New York and American General Equity Services Corporation, effective October 1, 2002. (6)
- (2) Form of Selling Group Agreement. (6)
- (3) Schedule of Commissions (Incorporated by reference from the text included under the heading "Distribution of the Policies" in the Statement of Additional Information that is filed as part of this amended Registration Statement).
- (d) Contracts.
- (1) Specimen form of the "Platinum Investor(R) Survivor II" Variable Universal Life Insurance Policy, Form No. 01206N. (12)
- (2) Form of Extension of Maturity Date Rider, Accumulation Value version, Form No. 99110N. (10)
- (3) Form of Extension of Maturity Date Rider, Death Benefit version,

(e) Applications.

- (1) Specimen form of Life Insurance Application - Part A, Form No. AGLC 100565-2003. (10)

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- (2) Specimen form of Life Insurance Application - Part B, Form No. AGLC 100566-2003. (10)
- (3) Specimen form of Joint and Last Survivor Variable Universal Life Insurance Supplemental Application, Form No. AGLC0461-NY Rev0504. (10)
- (4) Form of Service Request Form, Form No. AGLC101119 Rev0504. (10)

(f) Depositor's Certificate of Incorporation and By-Laws.

- (1) Copy of the Restated Charter of The United States Life Insurance Company in the City of New York. (1)
- (2) Copy of the Amended and Restated Bylaws of The United States Life Insurance Company in the City of New York dated July 25, 2002. (8)

(g) Reinsurance Contracts. Inapplicable.

(h) Participation Agreements.

- (1) (a) Form of Participation Agreement by and Among AIM Variable Insurance Funds, Inc., A I M Distributors, Inc., The United States Life Insurance Company in the City of New York, on Behalf of Itself and its Separate Accounts, and American General Securities Incorporated. (4)
- (1) (b) Form of Amendment No. 2 to Participation Agreement by and among AIM Variable Insurance Funds, Inc., A I M Distributors, Inc., The United States Life Insurance Company in the City of New York, on Behalf of Itself and its Separate Accounts, and American General Securities Incorporated. (11)
- (1) (c) Form of Amendment No. 3 to Participation Agreement by and among AIM Variable Insurance Funds, Inc., A I M Distributors, Inc., The United States Life Insurance Company in the City of New York, on Behalf of Itself and its Separate Accounts, and American General Securities Incorporated. (8)
- (2) (a) Form of Participation Agreement among The United States Life Insurance Company in the City of New York, American General Securities Incorporated, American General Series Portfolio Company and The Variable Annuity Life Insurance Company. (4)
- (2) (b) Form of First Amendment to Participation Agreement Among The United States Life Insurance Company in the City of New York, American General

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Securities Incorporated, American General Stock Portfolio Company and The Variable Annuity Life Insurance Company. (5)

- (3) (a) Form of Fund Participation Agreement Between The United States Life Insurance Company in the City of New York and Dreyfus Variable Insurance Fund. (4)
- (4) (a) Form of Participation Agreement Among MFS Variable Insurance Trust, The United States Life Insurance Company in the City of New York and Massachusetts Financial Services Company. (4)
- (4) (b) Form of Amendment No. 1 to Participation Agreement among MFS Variable Insurance Trust, The United States Life

Insurance Company in the City of New York and Massachusetts Financial Services Company. (5)

- (4) (c) Form of Amendment No. 2 to Participation Agreement among MFS Variable Insurance Trust, The United States Life Insurance Company in the City of New York and Massachusetts Financial Services Company. (8)
- (5) (a) Participation Agreement by and Among Morgan Stanley Universal Funds, Inc., Morgan Stanley Dean Witter Investment Management Inc., Miller Anderson & Sherrerd, LLP, Van Kampen Funds, Inc., The United States Life Insurance Company in the City of New York and American General Securities Incorporated. (2)
- (5) (b) Form of Amendment No. 1 to Participation Agreement by and Among The Universal Institution Funds, Inc., Van Kampen Funds Inc., Morgan Stanley Dean Witter Investment Management Inc., Miller Anderson & Sherrerd, LLP, The United States Life Insurance Company in the City of New York and American General Securities Incorporated. (4)
- (5) (c) Form of Amendment No. 3 to Participation Agreement by and Among Morgan Stanley Universal Funds, Inc., Morgan Stanley Dean Witter Investment Management Inc., Miller Anderson & Sherrerd, LLP, Van Kampen Funds, Inc., The United States Life Insurance Company in the City of New York and American General Securities Incorporated. (11)
- (5) (d) Form of Amendment No. 4 to Participation Agreement by and Among Morgan Stanley Universal Funds, Inc., Morgan Stanley Dean Witter Investment Management Inc., Miller Anderson & Sherrerd, LLP, Van Kampen Funds, Inc., The United States Life Insurance Company in the City of New York and American General Securities Incorporated. (8)
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- (6) (a) Form of Participation Agreement Among Putnam Variable Trust, Putnam Mutual Funds Corp., and The United States Life Insurance Company in the City of New York. (4)
- (7) (a) Form of Participation Agreement by and among The Alger American Fund, The United States Life Insurance Company in the City of New York and Fred Alger & Company, Incorporated. (8)
- (8) (a) Participation Agreement by and Among The United States Life Insurance Company in the City of New York, American General Securities Incorporated, Van Kampen Life Investment Trust, Van Kampen Asset Management Inc., and Van Kampen Funds Inc. (2)
- (8) (b) Form of Amendment No. 2 to Participation Agreement by and among The United States Life Insurance Company in the City of New York, American General Securities, Inc., Van Kampen Life Investment Trust, Van Kampen Asset Management Inc., and Van Kampen Funds, Inc. (7)
- (8) (c) Form of Amendment No. 3 to Participation Agreement by and among The United States Life Insurance Company in the City of New York, American General Securities, Inc., Van Kampen Life Investment Trust, Van Kampen Asset Management Inc., and Van Kampen Funds, Inc. (8)
- (9) (a) Form of Fund Participation Agreement by and between Neuberger Berman Advisers Management Trust, Neuberger Berman Management Inc. and The United States Life Insurance Company in the City of New York. (5)
- (9) (b) Form of Amendment No. 1 to Fund Participation Agreement by and between Neuberger Berman Advisers Management Trust, Neuberger Berman Management Inc. and The United States Life Insurance Company in the City of New York. (8)
- (10) (a) Form of Participation Agreement by and among The United States Life Insurance Company in the City of New York, Oppenheimer Variable Account Funds and Oppenheimer Funds, Inc. (8)

- (11) (a) Form of Fund Participation Agreement by and between The United States Life Insurance Company in the City of New York, Janus Aspen Series and Janus Distributors, Inc. Series. (5)
- (11) (b) Form of Amendment to Fund Participation Agreement by and between The United States Life Insurance Company in the City of New York, Janus Aspen Series and Janus Distributors, Inc. Series. (8)

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- (12) (a) Form of Participation Agreement among Vanguard Variable Insurance Funds, The Vanguard Group, Inc., Vanguard Marketing Corporation and The United States Life Insurance Company in the City of New York. (5)
- (12) (b) Form of Amendment to Participation Agreement among Vanguard Variable Insurance Fund, The Vanguard Group, Inc., Vanguard Marketing Corporation and The United States Life Insurance Company in the City of New York. (Filed herewith)
- (13) (a) Form of Fund Participation Agreement by and between The United States Life Insurance Company in the City of New York and J.P. Morgan Series Trust II. (5)
- (14) (a) Form of Participation Agreement by and Among The United States Life Insurance Company in the City of New York, PIMCO Variable Insurance Trust and PIMCO Funds Distributors LLC. (5)
- (15) (a) Form of Participation Agreement by and Among The United States Life Insurance Company in the City of New York and Warburg, Pincus Trust and Credit Suisse Asset Management, LLC and Credit Suisse Asset Management Securities, Inc. (5)
- (16) (a) Form of Participation Agreement Among Variable Insurance Products Fund, Fidelity Distributors Corporation and The United States Life Insurance Company in the City of New York. (5)
- (16) (b) Form of Amendment No. 1 to Participation Agreement Among Variable Insurance Products Fund, Fidelity Distributors Corporation and The United States Life Insurance Company in the City of New York. (8)
- (17) (a) Form of Participation Agreement Among Variable Insurance Products Fund II, Fidelity Distributors Corporation and The United States Life Insurance Company in the City of New York. (5)
- (17) (b) Form of Amendment No. 1 to Participation Agreement Among Variable Insurance Products Fund II, Fidelity Distributors Corporation and The United States Life Insurance Company in the City of New York. (8)
- (18) (a) Form of Participation Agreement Among Variable Insurance Products Fund III, Fidelity Distributors Corporation and The United States Life Insurance Company in the City of New York. (8)

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- (19) (a) Form of Amended and Restated Participation Agreement by and among The United States Life Insurance Company in the City of New York, American General Equity Services Corporation, Franklin Templeton Variable Insurance Products Trust and Franklin Templeton Distributors, Inc., dated as of September 5, 2003. (Filed herewith)
- (20) (a) Form of Participation Agreement by and among The United States Life Insurance Company in the City of New York and SunAmerica Series Trust. (8)
- (21) (a) Form of Shareholder Services Agreement by and between The United States Life Insurance Company in the City of New York and American Century Investment Services, Inc.

(5)

- (22) (a) Form of Administrative Services Agreement by and among Morgan Stanley Dean Witter Investment Management Inc., Miller Anderson & Sherrerd, LLP and The United States Life Insurance Company in the City of New York. (4)
- (22) (b) Form of Amendment No. 1 to Administrative Services Agreement by and among Morgan Stanley Dean Witter Investment Management Inc., Miller Anderson & Sherrerd, LLP and The United States Life Insurance Company in the City of New York. (8)
- (23) (a) Form of Administrative Services Agreement between The United States Life Insurance Company in the City of New York and Van Kampen Asset Management Inc., dated as of December 1, 1999. (8)
- (23) (b) Form of Amendment No. 1 to Administrative Services Agreement between The United States Life Insurance Company in the City of New York and Van Kampen Asset Management Inc. (8)
- (24) (a) Form of Amended and Restated Administrative Services Agreement between The United States Life Insurance Company in the City of New York and A I M Advisors, Inc., dated as of April 1, 2004. (Filed herewith)
- (25) (a) Form of Agreement with Respect to Trademarks and Fund Names by and among A I M Distributors, Inc., AIM Variable Insurance Funds, Inc., The United States Life Insurance Company in the City of New York and American General Securities Incorporated, effective August 1, 2003. (8)
- (25) (b) Form of Amendment No. 1 to Agreement with Respect to Trademarks and Fund Names by and among A I M Distributors, Inc., AIM Variable Insurance
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- Funds, Inc., The United States Life Insurance Company in the City of New York and American General Securities Incorporated. (8)
- (25) (c) Form of Amendment No. 2 to Agreement with Respect to Trademarks and Fund Names by and among A I M Management Group Inc., A I M Distributors, Inc., AIM Variable Insurance Funds, The United States Life Insurance Company in the City of New York and American General Equity Services Corporation. (Filed herewith)
- (26) (a) Form of Administrative Services Agreement between The Dreyfus Corporation and The United States Life Insurance Company in the City of New York. (4)
- (27) (a) Form of Administrative Services Agreement by and between The United States Life Insurance Company in the City of New York and Morgan Guaranty Trust Company of New York. (5)
- (28) (a) Form of Administrative Services Agreement by and between Neuberger Berman Management Inc. and The United States Life Insurance Company in the City of New York. (5)
- (29) (a) Form of Services Agreement by and between Pacific Investment Management Company LLC. and The United States Life Insurance Company in the City of New York. (5)
- (30) (a) Form of PIMCO Variable Insurance Trust Services Agreement by and between The United States Life Insurance Company in the City of New York and PIMCO Variable Insurance Trust. (5)
- (31) (a) Form of Administrative Services Agreement by and between The United States Life Insurance Company in the City of New York and Credit Suisse Asset Management, LLC. (5)
- (32) (a) Form of Administrative Services Agreement by and between The United States Life Insurance Company in the City of New York and Franklin Templeton Services, LLC. (9)

(32) (b) Form of Amendment No. 1 to Administrative Services Agreement by and between The United States Life Insurance Company in the City of New York and Franklin Templeton Services, LLC. (8)

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(33) (a) Form of Service Contract by and between Fidelity Investments Institutional Operations Company, Inc. and The United States Life Insurance Company in the City of New York. (8)

(34) (a) Form of Service Agreement by and between Fidelity Investments Institutional Operations Company, Inc. and The United States Life Insurance Company in the City of New York. (5)

(35) (a) Form of Distribution and Shareholder Services Agreement by and between Janus Distributors, Inc. and The United States Life Insurance Company in the City of New York. (5)

(36) (a) Form of Services Agreement Class O between Fred Alger Management, Inc. and The United States Life Insurance Company in the City of New York. (8)

(37) (a) Form of Administrative Services Agreement by and among The United States Life Insurance Company in the City of New York and OppenheimerFunds, Inc. (8)

(38) (a) Form of Administrative Services Agreement by and between SunAmerica Asset Management Corp. and The United States Life Insurance Company in the City of New York. (10)

(39) (a) Form of Indemnification Letter Agreement by and between J.P. Morgan Investment Management Inc. and The United States Life Insurance Company in the City of New York. (Filed herewith)

(i) Administrative Contracts.

(1) Form of Administrative Services Agreement by and between The United States Life Insurance Company in the City of New York and American General Life Companies, effective February 1, 2004. (Filed herewith)

(j) Other Material Contracts. None

(k) Legal Opinion.

(1) Opinion and Consent of Lauren W. Jones, Esq., Deputy General Counsel of American General Life Companies, LLC. (10)

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(l) Actuarial Opinion.

(1) Opinion and Consent of The United States Life Insurance Company in the City of New York's actuary. (10)

(m) Calculation. None

(n) Other Opinions.

(1) Consent of Independent Registered Public Accounting Firm, PricewaterhouseCoopers LLP. (Filed herewith)

(o) Omitted Financial Statements. None

(p) Initial Capital Agreements. None

(q) Redeemability Exemption.

(1) Description of The United States Life Insurance Company in the City of New York's Issuance, Transfer and Redemption Procedures for Variable Universal Life Insurance Policies Pursuant to Rule 6e-3(T) (b) (12) (iii) under the Investment Company Act of 1940. (Filed herewith)

-
- (1) Incorporated by reference to Post-Effective Amendment No. 1 of Form N-6 Registration Statement (File No. 333-105246) of The United States Life Insurance Company in the City of New York Separate Account USL VL-R filed on May 3, 2004.
 - (2) Incorporated by reference to Pre-Effective Amendment No. 1 of Form N-4 Registration Statement (File No. 333-63673) of The United States Life Insurance Company in the City of New York Separate Account USL VA-R filed on May 26, 1999.
 - (3) Incorporated by reference to initial filing of Form S-6 Registration Statement (File No. 333-79471) of The United States Life Insurance Company in the City of New York Separate Account USL VL-R filed on May 27, 1999.
 - (4) Incorporated by reference to Pre-Effective Amendment No. 1 of Form S-6 Registration Statement (File No. 333-79471) of The United States Life Insurance Company in the City of New York Separate Account USL VL-R filed on November 5, 1999.
 - (5) Incorporated by reference to Post-Effective Amendment No. 2 of Form S-6 Registration Statement (File No. 333-79471) of The United States Life Insurance Company in the City of New York Separate Account USL VL-R filed on October 20, 2000.

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- (6) Incorporated by reference to Post-Effective Amendment No. 1 of Form N-6 Registration Statement (File No. 333-57062) of The United States Life Insurance Company in the City of New York Separate Account USL VL-R filed on February 18, 2003.
- (7) Incorporated by reference to Pre-Effective Amendment No. 1 of Form S-6 Registration Statement (File No. 333-57062) of The United States Life Insurance Company in the City of New York Separate Account USL VL-R filed on October 26, 2001.
- (8) Incorporated by reference to initial filing of Form N-6 Registration Statement (File No. 333-105246) of The United States Life Insurance Company in the City of New York Separate Account USL VL-R filed on September 5, 2003.
- (9) Incorporated by reference to Post-Effective Amendment No. 1 of Form S-6 Registration Statement (File No. 333-57062) of The United States Life Insurance Company in the City of New York Separate Account USL VL-R filed on December 4, 2001.
- (10) Incorporated by reference to Pre-Effective Amendment No. 1 to Form N-6 Registration Statement (File No. 333-105762) of The United States Life Insurance Company in the City of New York Separate Account USL VL-R filed on June 16, 2004.
- (11) Incorporated by reference to Post-Effective Amendment No. 4 of Form N-6 Registration Statement (File No. 333-57062) of The United States Life Insurance Company in the City of New York Separate Account USL VL-R filed on April 29, 2003.
- (12) Incorporated by reference to initial filing of Form N-6 Registration Statement (File No. 333-105762) of The United States Life Insurance Company in the City of New York Separate Account USL VL-R filed on June 2, 2003.

Item 27. Directors and Officers of the Depositor

Name and Principal Business Address	Positions and Offices with Depositor The United States Life Insurance Company in the City of New York

Rodney O. Martin, Jr. 2929 Allen Parkway Houston, TX 77019	Director and Chairman of the Board of Directors
M. Bernard Aidinoff Sullivan and Cromwell 125 Broad Street New York, NY 10004	Director

Name and Principal Business Address -----	Positions and Offices with Depositor The United States Life Insurance Company in the City of New York -----
David J. Dietz 830 Third Avenue New York, NY 10022	Director, Chief Executive Officer and President - Individual Insurance Operations
Marion E. Fajen 5608 N. Waterbury Road Des Moines, IA 50312	Director
Patrick J. Foley 569 N. Country Club Dr. Lake Worth, FL 33462	Director
Cecil C. Gamwell III 419 West Beach Road Charlestown, RI 02813	Director
Stephen A. Gold 70 Pine Street New York, NY 10270	Director, President and Chief Executive Officer
Jack R. Harnes 70 Pine Street New York, NY 10270	Director
David L. Herzog 2929 Allen Parkway Houston, TX 77019	Director
John I. Howell Indian Rock Corporation 263 Glenville Rd, 2nd Floor Greenwich, CT 06831	Director
Donald P. Kanak, Jr. 70 Pine Street New York, NY 10270	Director

Name and Principal Business Address -----	Positions and Offices with Depositor The United States Life Insurance Company in the City of New York -----
Ernest T. Patrikis 70 Pine Street New York, NY 10270	Director
Gary D. Reddick 2929 Allen Parkway Houston, TX 77019	Director, Chief Administrative Officer and Executive Vice President
Martin J. Sullivan 70 Pine Street New York, NY 10270	Director
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 and President - Worksite Solutions Profit Center
Thomas L. Booker 2727 Allen Parkway Houston, TX 77019	President - Structured Settlements/SPIA Profit Center
Jeffrey H. Carlson 2727-A Allen Parkway Houston, TX 77019	Chief Information Officer and Senior Vice President

Stephen A. Appleyard
2727 Allen Parkway
Houston, TX 77019

Executive Vice President

David R. Armstrong
3600 Route 66
Neptune, NJ 07754

Senior Vice President

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Positions and Offices with Depositor
The United States Life Insurance Company in the
City of New York

Name and Principal
Business Address

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

Patricia A. Bosi
3600 Route 66
Neptune, NJ 07754

Senior Vice President

Robert M. Goldbloom
80 Pine Street
New York, NY 10005

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

S. Douglas Israel
2929 Allen Parkway
Houston, TX 77019

Senior Vice President

Kyle L. Jennings
2929 Allen Parkway
Houston, TX 77019

Senior Vice President

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Positions and Offices with Depositor
The United States Life Insurance Company in the
City of New York

Name and Principal
Business Address

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

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

Senior Vice President

1 ALICO Plaza
600 King Street
Wilmington, DE 19801

William R. Schultz, Jr. Senior Vice President
1 ALICO Plaza
600 King Street
Wilmington, DE 19801

James P. Steele Senior Vice President
205 E. 10th Avenue
Amarillo, TX 79101

Robert E. Steele Senior Vice President
205 E. 10th Avenue
Amarillo, TX 79101

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Name and Principal Business Address

Positions and Offices with Depositor
The United States Life Insurance Company in the
City of New York

Michael Welsh Senior Vice President
3600 Route 66
Neptune, NJ 07754

Frederic R. Yopps Senior Vice President
750 W. Virginia Street
Milwaukee, WI 53204

Edward F. Bacon Vice President
2727-A Allen Parkway
Houston, TX 77019

Joan M. Bartel Vice President
2727 Allen Parkway
Houston, TX 77019

Walter E. Bednarski Vice President, Treasurer and Controller
3600 Route 66
Neptune, NJ 07754

Michael B. Boesen Vice President
2727 Allen Parkway
Houston, TX 77019

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

Stephen J. Brenneman Vice President
1 ALICO Plaza
600 King Street
Wilmington, DE 19801

Robert W. Busby Vice President
One Woodfield Lake
Schaumburg, IL 60173

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Name and Principal Business Address

Positions and Offices with Depositor
The United States Life Insurance Company in the
City of New York

Robert W. Chesner Vice President
2929 Allen Parkway
Houston, TX 77019

Shari Ciapka Vice President
3600 Route 66
Neptune, NJ 07754

James Cortiglia Vice President
3600 Route 66
Neptune, NJ 07754

Donald L. Davis
205 E. 10th Avenue
Amarillo, TX 79101

Vice President

Carolyn DiPalma
3600 Route 66
Neptune, NJ 07754

Vice President

Donna F. Fahey
3600 Route 66
Neptune, NJ 07754

Vice President

Farideh N. Farrokhi
2727-A Allen Parkway
Houston, TX 77019

Vice President

Kevin P. Fitzpatrick
1 Chase Manhattan Plaza
New York, NY 10005

Vice President

Richard L. Gravette
2727-A Allen Parkway
Houston, TX 77019

Vice President

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Positions and Offices with Depositor
The United States Life Insurance Company in the
City of New York

Name and Principal
Business Address

Kenneth J. Griesemer
6363 Forest Park Road
Dallas, TX 75235

Vice President

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

Vice President

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

Vice President

Rona B. Hoffman
3600 Route 66
Neptune, NJ 07754

Vice President

Thomas M. Hoffman
70 Pine Street
New York, NY 10270

Vice President

Keith C. Honig
1 SunAmerica Center
Los Angeles, CA 90067

Vice President

Sharla A. Jackson
205 E. 10th Avenue
Amarillo, TX 79101

Vice President

W. Jarvis
3600 Route 66
Neptune, NJ 07754

Vice President

Scott B. Klein
3600 Route 66
Neptune, NJ 07754

Vice President

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Positions and Offices with Depositor
The United States Life Insurance Company in the
City of New York

Name and Principal
Business Address

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

Vice President

Frank A. Kophamel 3600 Route 66 Neptune, NJ 07754	Vice President
Linda K. Lewis 6363 Forest Park Road Dallas, TX 75235	Vice President
Randy J. Marash 3600 Route 66 Neptune, NJ 07754	Vice President
David S. Martin 3600 Route 66 Neptune, NJ 07754	Vice President
W. Larry Mask 2777 Allen Parkway Houston, TX 77019	Vice President
Gordon S. Massie 2929 Allen Parkway Houston, TX 77019	Vice President
Richard A. Mercante 175 Water Street New York, NY 10038	Vice President
Alex N. Moral 2727 Allen Parkway Houston, TX 77019	Vice President - Product Design and Development

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Positions and Offices with Depositor
The United States Life Insurance Company in the
City of New York

Name and Principal
Business Address

-----	-----
Deanna D. Osmonson 2727 Allen Parkway Houston, TX 77019	Vice President and Chief Compliance Officer
Rembert R. Owen, Jr. 2929 Allen Parkway Houston, TX 77019	Vice President
Kirsten M. Pedersen 2929 Allen Parkway Houston, TX 77019	Vice President
John W. Penko 2727 Allen Parkway Houston, TX 77019	Vice President - Group Benefits & Financial Institutions Profit Center
Dale W. Sachtleben #1 Franklin Square Springfield, IL 62713	Vice President
Imad A. Salman 3600 Route 66 Neptune, NJ 07754	Vice President
Kristen E. Sather 1 Chase Manhattan Place New York, NY 10005	Vice President
Richard W. Scott 2929 Allen Parkway Houston, TX 77019	Vice President
Tom L. Scott 2919 Allen Parkway Houston, TX 77019	Vice President

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Positions and Offices with Depositor
The United States Life Insurance Company in the

Name and Principal

Business Address	City of New York

T. Clay Spires 2727-A Allen Parkway Houston, TX 77019	Vice President
Richard P. Vegh 3600 Route 66 Neptune, NJ 07754	Vice President
S. Michael Von Stein 1000 E. Woodfield Road Schaumburg, IL 60173	Vice President
Susan J. Wilhite One Woodfield Lake Schaumburg, IL 60173	Vice President
Elizabeth M. Tuck 70 Pine Street New York, NY 10270	Secretary

Item 28. Persons Controlled by or Under Common Control with the Depositor or the Registrant

The Depositor is an indirect wholly-owned subsidiary of American International Group, Inc. ("AIG"). Set forth below is an organizational chart for AIG filed with the SEC on March 15, 2004 as Exhibit 21 to the Form 10-K. Footnotes to the organizational chart below are located at the end of Item 28. The current organizational chart for AIG can be found as Exhibit 21 in Form 10-K filed in 2005, SEC file number 001-08787.

SUBSIDIARIES OF AIG

<TABLE>
<CAPTION>

	Jurisdiction of Incorporation or Organization	% of Voting Securities Owned by its Immediate Parent (2)
	-----	-----
<S>	<C>	<C>
American International Group, Inc. (1)	Delaware	(3)
AIG Aviation, Inc.	Georgia	100%
AIG Bulgaria Insurance and Reinsurance Company EAD	Bulgaria	100%
AIG Capital Corporation	Delaware	100%

</TABLE>

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SUBSIDIARIES OF AIG

<TABLE>
<CAPTION>

	Jurisdiction of Incorporation or Organization	% of Voting Securities Owned by its Immediate Parent (2)
	-----	-----
<S>	<C>	<C>
AIG Consumer Finance Group, Inc.	Delaware	100%
AIG Bank Polska S.A.	Poland	97.23%
AIG Credit S.A.	Poland	80%
Compania Financiera Argentina S.A.	Argentina	92.7%
AIG Global Asset Management Holdings Corp.	Delaware	100%
AIG Capital Partners, Inc.	Delaware	100%
AIG Global Investment Corp.	New Jersey	100%
John McStay Investment Counsel, L.P.	Texas	82.84%
International Lease Finance Corporation	California	64.85% (4)
AIG Claim Services, Inc.	Delaware	100%
AIG Credit Corp.	Delaware	100%
A.I. Credit Corp.	New Hampshire	100%
Imperial Premium Finance, Inc.	California	100%
Imperial Premium Finance, Inc.	Delaware	100%
AIG Equity Sales Corp.	New York	100%
AIG Federal Savings Bank	Delaware	100%
AIG Finance Holdings, Inc.	New York	100%

AIG Finance (Hong Kong) Limited	Hong Kong	100%
AIG Financial Advisor Services, Inc.	Delaware	100%
AIG Financial Advisor Services (Europe), S.A.	Luxembourg	100%
AIG Financial Products Corp.	Delaware	100%
AIG Matched Funding Corp.	Delaware	100%
Banque AIG.	France	90% (5)
AIG Funding, Inc.	Delaware	100%
AIG Global Real Estate Investment Corp.	Delaware	100%
AIG Global Trade & Political Risk Insurance Company	New Jersey	100%
A.I.G. Golden Insurance Ltd.	Israel	50.01%
AIG Life Insurance Company	Delaware	79% (6)
AIG Life Insurance Company of Canada	Canada	100%
AIG Life Insurance Company of Puerto Rico	Puerto Rico	100%
AIG Marketing, Inc.	Delaware	100%
AIG Memsa, Inc.	Delaware	100%
Tata AIG General Insurance Company Limited	India	26%
AIG Private Bank Ltd.	Switzerland	100%
AIG Retirement Services, Inc.	Delaware	100% (7)
SunAmerica Life Insurance Company	Arizona	100%
SunAmerica Investments, Inc.	Georgia	70% (8)
AIG Advisor Group, Inc.	Maryland	100%
Advantage Capital Corporation	New York	100%
FSC Securities Corporation	Delaware	100%
Sentra Securities Corporation	California	100%
Spelman & Co., Inc.	California	100%
SunAmerica Securities, Inc.	Delaware	100%
AIG SunAmerica Life Assurance Company	Arizona	100% (9)

</TABLE>

SUBSIDIARIES OF AIG

<TABLE>
<CAPTION>

	Jurisdiction of Incorporation or Organization	% of Voting Securities Owned by its Immediate Parent (2)
	<C>	<C>
Saamsun Holdings Corp.	Delaware	100%
SAM Holdings Corporation	California	100%
AIG SunAmerica Asset Management Corp.	Delaware	100%
AIG SunAmerica Capital Services, Inc.	Delaware	100%
Sun Royal Holdings Corporation	California	100%
Royal Alliance Associates, Inc.	Delaware	100%
First SunAmerica Life Insurance Company	New York	100%
AIG Risk Management, Inc.	New York	100%
AIG Technologies, Inc.	New Hampshire	100%
AIGTI, Inc.	Delaware	100%
AIG Trading Group Inc.	Delaware	100%
AIG International, Inc.	Delaware	100%
AIU Insurance Company	New York	52% (10)
AIU North America, Inc.	New York	100%
American General Corporation	Texas	100%
American General Bancassurance Services, Inc.	Illinois	100%
AGC Life Insurance Company	Missouri	100%
AIG Assurance Canada	Canada	100% (11)
AIG Life of Bermuda, Ltd.	Bermuda	100%
American General Life and Accident Insurance Company	Tennessee	100%
American General Life Insurance Company	Texas	100%
American General Annuity Service Corporation	Texas	100%
AIG Enterprise Services, LLC	Delaware	100%
American General Equity Services Corporation	Delaware	100%
American General Life Companies, LLC	Delaware	100%
The Variable Annuity Life Insurance Company	Texas	100%
VALIC Retirement Services Company	Texas	100%
VALIC Trust Company	Texas	100%
American General Property Insurance Company	Tennessee	51.85% (12)
American General Property Insurance Company of Florida	Florida	100%
AIG Annuity Insurance Company	Texas	100%
The United States Life Insurance Company in the City of New York	New York	100%
American General Finance, Inc.	Indiana	100%
AGF Investment Corp.	Indiana	100%
American General Auto Finance, Inc.	Delaware	100%
American General Finance Corporation	Indiana	100%
Crossroads Mortgage, Inc.	Tennessee	100%
ENM, Inc.	Tennessee	100%

MorEquity, Inc.	Nevada	100%
Wilmington Finance, Inc.	Delaware	100%
Merit Life Insurance Co.	Indiana	100%
Yosemite Insurance Company	Indiana	100%
CommoLoCo, Inc.	Puerto Rico	100%
American General Financial Services of Alabama, Inc.	Alabama	100%

</TABLE>

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SUBSIDIARIES OF AIG

<TABLE>
<CAPTION>

	Jurisdiction of Incorporation or Organization -----	% of Voting Securities Owned by its Immediate Parent (2) -----
<S>	<C>	<C>
HSA Residential Mortgage Services of Texas, Inc.	Delaware	100%
American General Investment Management Corporation	Delaware	100%
American General Realty Investment Corporation	Texas	100%
American General Assurance Company	Illinois	100%
American General Indemnity Company	Illinois	100%
USLIFE Credit Life Insurance Company of Arizona	Arizona	100%
Knickerbocker Corporation	Texas	100%
American Home Assurance Company	New York	100%
AIG Hawaii Insurance Company, Inc.	Hawaii	100%
American Pacific Insurance Company, Inc.	Hawaii	100%
American International Insurance Company	New York	100%
American International Insurance Company of California, Inc.	California	100%
American International Insurance Company of New Jersey	New Jersey	100%
Minnesota Insurance Company	Minnesota	100%
American International Realty Corp.	Delaware	31.5% (13)
Pine Street Real Estate Holdings Corp.	New Hampshire	31.47% (13)
Transatlantic Holdings, Inc.	Delaware	33.61% (14)
Transatlantic Reinsurance Company	New York	100%
Putnam Reinsurance Company	New York	100%
Trans Re Zurich	Switzerland	100%
American International Insurance Company of Delaware	Delaware	100%
American International Life Assurance Company of New York	New York	77.52% (15)
American International Reinsurance Company, Ltd.	Bermuda	100%
AIG Edison Life Insurance Company	Japan	90% (16)
American International Assurance Company, Limited	Hong Kong	100%
American International Assurance Company (Australia) Limited	Australia	100%
American International Assurance Company (Bermuda) Limited	Bermuda	100%
American International Assurance Co. (Vietnam) Limited	Vietnam	100%
Tata AIG Life Insurance Company Limited	India	26%
Nan Shan Life Insurance Company, Ltd.	Taiwan	95%
American International Underwriters Corporation	New York	100%
American International Underwriters Overseas, Ltd.	Bermuda	100%
AIG Europe (Ireland) Limited	Ireland	100%
AIG Europe (U.K.) Limited	England	100%
AIG Brasil Companhia de Seguros	Brazil	50%
Universal Insurance Co., Ltd.	Thailand	100%
La Seguridad de Centroamerica, Compania de Seguros S.A.	Guatemala	100%
American International Insurance Company of Puerto Rico	Puerto Rico	100%
A.I.G. Colombia Seguros Generales S.A.	Colombia	100%
American International Underwriters GmBH	Germany	100%
Underwriters Adjustment Company, Inc.	Panama	100%
American Life Insurance Company	Delaware	100%
AIG Life (Bulgaria) Z.D. A.D	Bulgaria	100%
ALICO, S.A.	France	100%

</TABLE>

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SUBSIDIARIES OF AIG

<TABLE>
<CAPTION>

	Jurisdiction of Incorporation	% of Voting Securities Owned by its Immediate
--	----------------------------------	---

	or Organization	Parent (2)
	-----	-----
<S>	<C>	<C>
American Life Insurance Company (Kenya) Limited	Kenya	66.67%
Pharaonic American Life Insurance Company	Egypt	71.63%
AIG Life Insurance Company (Switzerland) Ltd.	Switzerland	100%
American Security Life Insurance Company, Ltd.	Lichtenstein	100%
Birmingham Fire Insurance Company of Pennsylvania	Pennsylvania	100%
China America Insurance Company, Ltd.	Delaware	50%
Commerce and Industry Insurance Company	New York	100%
Commerce and Industry Insurance Company of Canada	Ontario	100%
Delaware American Life Insurance Company	Delaware	100%
Hawaii Insurance Consultants, Ltd.	Hawaii	100%
HSB Group, Inc.	Delaware	100%
The Hartford Steam Boiler Inspection and Insurance Company	Connecticut	100%
The Allen Insurance Company, Ltd.	Bermuda	100%
The Hartford Steam Boiler Inspection and Insurance Company of Connecticut	Connecticut	100%
HSB Engineering Insurance Limited	England	100%
The Boiler Inspection and Insurance Company of Canada	Canada	100%
The Insurance Company of the State of Pennsylvania	Pennsylvania	100%
Landmark Insurance Company	California	100%
Mt. Mansfield Company, Inc.	Vermont	100%
National Union Fire Insurance Company of Pittsburgh, Pa	Pennsylvania	100%
American International Specialty Lines Insurance Company	Alaska	70% (17)
Lexington Insurance Company	Delaware	70% (17)
GE Property & Casualty Insurance Company	Pennsylvania	100%
GE Casualty Insurance Company	Pennsylvania	100%
GE Indemnity Insurance Company	Pennsylvania	100%
GE Auto & Home Assurance Company	Pennsylvania	100%
Bayside Casualty Insurance Company	New Jersey	100%
JI Accident & Fire Insurance Co. Ltd.	Japan	50%
National Union Fire Insurance Company of Louisiana	Louisiana	100%
National Union Fire Insurance Company of Vermont	Vermont	100%
21st Century Insurance Group	California	33.03% (18)
21st Century Insurance Company	California	100%
21st Century Casualty Company	California	100%
21st Century Insurance Company of Arizona	Arizona	100%
Starr Excess Liability Insurance Company, Ltd.	Delaware	100%
Starr Excess Liability Insurance International Ltd.	Ireland	100%
NHIG Holding Corp.	Delaware	100%
Audubon Insurance Company	Louisiana	100%
Audubon Indemnity Company	Mississippi	100%
Agency Management Corporation	Louisiana	100%
The Gulf Agency, Inc.	Alabama	100%
New Hampshire Insurance Company	Pennsylvania	100%
AIG Europe, S.A	France	(19)
AI Network Corporation	Delaware	100%

</TABLE>

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SUBSIDIARIES OF AIG

<TABLE>
<CAPTION>

	Jurisdiction of Incorporation or Organization	% of Voting Securities Owned by its Immediate Parent (2)
	-----	-----
<S>	<C>	<C>
American International Pacific Insurance Company	Colorado	100%
American International South Insurance Company	Pennsylvania	100%
Granite State Insurance Company	Pennsylvania	100%
New Hampshire Indemnity Company, Inc.	Pennsylvania	100%
AIG National Insurance Company, Inc.	New York	100%
Illinois National Insurance Co.	Illinois	100%
New Hampshire Insurance Services, Inc.	New Hampshire	100%
AIG Star Life Insurance Co., Ltd.	Japan	100%
Pharaonic Insurance Company, S.A.E	Egypt	89.98%
The Philippine American Life and General Insurance Company	Philippines	99.78%
Pacific Union Assurance Company	California	100%
Philam Equitable Life Assurance Company, Inc.	Philippines	95.31%
The Philippine American General Insurance Company, Inc.	Philippines	100%
Philam Insurance Company, Inc.	Philippines	100%
Risk Specialist Companies, Inc.	Delaware	100%
United Guaranty Corporation	North Carolina	36.31% (20)
United Guaranty Insurance Company	North Carolina	100%

United Guaranty Mortgage Insurance Company	North Carolina	100%
United Guaranty Mortgage Insurance Company of North Carolina	North Carolina	100%
United Guaranty Partners Insurance Company	Vermont	80%
United Guaranty Residential Insurance Company of North Carolina	North Carolina	100%
United Guaranty Residential Insurance Company	North Carolina	75.03% (21)
United Guaranty Commercial Insurance Company of North Carolina	North Carolina	100%
United Guaranty Mortgage Indemnity Company	North Carolina	100%
United Guaranty Credit Insurance Company	North Carolina	100%
United Guaranty Services, Inc.	North Carolina	100%

</TABLE>

-
- (1) All subsidiaries listed are consolidated in the financial statements of AIG filed in its Form 10-K in 2004, SEC file number 001-08787. Certain subsidiaries have been omitted from the tabulation. The omitted subsidiaries, when considered in the aggregate as a single subsidiary, do not constitute a significant subsidiary.
 - (2) Percentages include directors' qualifying shares.
 - (3) The common stock is owned approximately 11.9 percent by Starr International Company, Inc., 1.8 percent by C. V. Starr & Co., Inc. and 2.0 percent by The Starr Foundation.
 - (4) Also owned 35.15 percent by National Union Fire Insurance Company of Pittsburgh, Pa.
 - (5) Also owned 10 percent by AIG Matched Funding Corp.
 - (6) Also owned 21 percent by Commerce and Industry Insurance Company.
 - (7) Formerly known as AIG SunAmerica Inc.
 - (8) Also owned 30 percent by AIG Retirement Services, Inc.
 - (9) Formerly known as Anchor National Life Insurance Company.
 - (10) Also owned 8 percent by The Insurance Company of the State of Pennsylvania, 32 percent by National Union Fire Insurance Company of Pittsburgh, Pa. and 8 percent by Birmingham Fire Insurance Company of Pennsylvania.
 - (11) Indirect wholly-owned subsidiary.

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- (12) Also owned 48.15 percent by American General Life and Accident Insurance Company.
- (13) Also owned by 11 other AIG subsidiaries.
- (14) Also owned 26.06 percent by AIG.
- (15) Also owned 22.48 percent by American Home Assurance Company.
- (16) Also owned 10 percent by a subsidiary of American Life Insurance Company.
- (17) Also owned 20 percent by The Insurance Company of the State of Pennsylvania and 10 percent by Birmingham Fire Insurance Company of Pennsylvania.
- (18) Also owned 16.85 percent by American Home Assurance Company, 6.34 percent by Commerce and Industry Insurance Company and 6.34 percent by New Hampshire Insurance Company.
- (19) 100 percent to be held with other AIG companies.
- (20) Also owned 45.88 percent by National Union Fire Insurance Company of Pittsburgh, Pa., 16.95 percent by New Hampshire Insurance Company and 0.86 percent by The Insurance Company of the State of Pennsylvania.
- (21) Also owned 24.97 percent by United Guaranty Residential Insurance Company of North Carolina.

The Registrant is a separate account of The United States Life Insurance Company in the City of New York (Depositor).

Item 29. Indemnification

The United States Life Insurance Company in the City of New York's Bylaws provide in Article XI for indemnification of directors, officers and employees of the Company.

Insofar as indemnification for liability arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of

such issue.

Item 30. Principal Underwriters

(a) Other Activity. Registrant's principal underwriter, American General Equity Services Corporation, also acts as principal underwriter for The United States Life Insurance Company in the City of New York Separate Account USL VA-R, which offers interests in variable annuities. American General Equity Services Corporation also acts as principal underwriter for certain other separate accounts of The United States Life Insurance Company in the City of New York affiliates.

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(b) Management.

Name and Principal Business Address -----	Positions and Offices with Underwriter American General Equity Services Corporation -----
Rodney O. Martin, Jr. 2929 Allen Parkway Houston, TX 77019	Director and Chairman of the Board of Directors
Mark R. McGuire 2727 Allen Parkway Houston, TX 77019	Director and Senior Vice President
Ernest T. Patrikis 70 Pine Street New York, NY 10270	Director
Gary D. Reddick 2929 Allen Parkway Houston, TX 77019	Director
Richard J. Miller 2929 Allen Parkway Houston, TX 77019	President and Chief Executive Officer
Robert F. Herbert, Jr. 2727-A Allen Parkway Houston, TX 77019	Vice President
Lucille S. Martinez 2727 Allen Parkway Houston, TX 77019	Vice President, Treasurer and Controller
Deanna D. Osmonson 2727 Allen Parkway Houston, TX 77019	Vice President, Chief Compliance Officer and Anti-Money Laundering Compliance Officer
Elizabeth M. Tuck 70 Pine Street New York, NY 10270	Secretary

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Name and Principal Business Address -----	Positions and Offices with Underwriter American General Equity Services Corporation -----
Edward F. Andrzejewski 70 Pine Street New York, NY 10270	Tax Officer
Amy M. Cinquegrana 2929 Allen Parkway Houston, TX 77019	Assistant Secretary
Lauren W. Jones 2929 Allen Parkway Houston, TX 77019	Assistant Secretary
David M. Robinson 2929 Allen Parkway Houston, TX 77019	Assistant Secretary
John D. Fleming	Assistant Treasurer

2929 Allen Parkway
Houston, TX 77019

Barbara J. Moore
2919 Allen Parkway
Houston, TX 77019

Assistant Tax Officer

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

Assistant Tax Officer

(c) Compensation From the Registrant.

<TABLE>

<CAPTION>

Name of Principal Underwriter	Net Underwriting Discounts and Commissions	Compensation on Events Occasioning the Deduction of a Deferred Sales Load	Brokerage Commissions	Other Compensation
<S>	<C>	<C>	<C>	<C>
American General Equity Services Corporation	0	0	0	0

</TABLE>

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Item 31. Location of Accounts and Records

All records referenced under Section 31(a) of the 1940 Act, and Rules 31a-1 through 31a-3 thereunder, are maintained and in the custody of The United States Life Insurance Company in the City of New York at its principal executive office located at 830 Third Avenue, New York, New York 10022, The United States Life Insurance Company in the City of New York's Administrative Office located at #1 Franklin Square, Springfield, Illinois 62713 or the Houston office located at 2727-A Allen Parkway, Houston, Texas 77019-2191.

Item 32. Management Services Not applicable.

Item 33. Fee Representation

The United States Life Insurance Company in the City of New York hereby represents that the fees and charges deducted under the Policy, in the aggregate, are reasonable in relation to the services rendered, the expenses expected to be incurred, and risks assumed by The United States Life Insurance Company in the City of New York.

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POWERS OF ATTORNEY

Each person whose signature appears below hereby appoints Robert F. Herbert, Jr., Gary D. Reddick and Kyle L. Jennings and each of them, any one of whom may act without the joinder of the others, as his/her attorney-in-fact to sign on his/her behalf and in the capacity stated below and to file all amendments to this Registration Statement, which amendment or amendments may make such changes and additions to this Registration Statement as such attorney-in-fact may deem necessary or appropriate.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant, The United States Life Insurance Company in the City of New York Separate Account USL VL-R, certifies that it meets all of the requirements for effectiveness of this amended Registration Statement under Rule 485(b) under the Securities Act of 1933 and has duly caused this amended Registration Statement to be signed on its behalf by the undersigned, duly authorized, in the City of Houston, and State of Texas on the 29th day of April, 2005.

THE UNITED STATES LIFE INSURANCE
COMPANY IN THE CITY OF NEW YORK
SEPARATE ACCOUNT USL VL-R
(Registrant)

BY: THE UNITED STATES LIFE INSURANCE
COMPANY IN THE CITY OF NEW YORK
(On behalf of the Registrant and itself)

BY: ROBERT F. HERBERT, JR.

ROBERT F. HERBERT, JR.
SENIOR VICE PRESIDENT

[SEAL]

ATTEST: LAUREN W. JONES

LAUREN W. JONES
ASSISTANT SECRETARY

Pursuant to the requirements of the Securities Act of 1933, this amended Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature -----	Title -----	Date ----
RODNEY O. MARTIN, JR. ----- RODNEY O. MARTIN, JR.	Director and Chairman	April 29, 2005
DAVID J. DIETZ ----- DAVID J. DIETZ	Director, President and Chief Executive Officer	April 29, 2005
CHRISTOPHER J. SWIFT ----- CHRISTOPHER J. SWIFT	Director and Chief Financial Officer	April 29, 2005
M. BERNARD AIDINOFF ----- M. BERNARD AIDINOFF	Director	April 29, 2005
MARION E. FAJEN ----- MARION E. FAJEN	Director	April 29, 2005
PATRICK J. FOLEY ----- PATRICK J. FOLEY	Director	April 29, 2005
CECIL C. GAMWELL III ----- CECIL C. GAMWELL III	Director	April 29, 2005
STEPHEN A. GOLD ----- STEPHEN A. GOLD	Director	April 29, 2005
Signature -----	Title -----	Date ----
JACK R. HARNES ----- JACK R. HARNES	Director	April 29, 2005
DAVID L. HERZOG ----- DAVID L. HERZOG	Director	April 29, 2005
JOHN I. HOWELL ----- JOHN I. HOWELL	Director	April 29, 2005
DONALD P. KANAK, JR. ----- DONALD P. KANAK, JR.	Director	April 29, 2005

ERNEST T. PATRIKIS ----- ERNEST T. PATRIKIS	Director	April 29, 2005
GARY D. REDDICK ----- GARY D. REDDICK	Director	April 29, 2005
MARTIN J. SULLIVAN ----- MARTIN J. SULLIVAN	Director	April 29, 2005
JAMES W. WEAKLEY ----- JAMES W. WEAKLEY	Director	April 29, 2005

EXHIBIT INDEX

Item 26. Exhibits

- (h) (12) (b) Form of Amendment to Participation Agreement among Vanguard Variable Insurance Fund, The Vanguard Group, Inc., Vanguard Marketing Corporation and The United States Life Insurance Company in the City of New York.
- (h) (19) (a) Form of Amended and Restated Participation Agreement by and among The United States Life Insurance Company in the City of New York, American General Equity Services Corporation, Franklin Templeton Variable Insurance Products Trust and Franklin Templeton Distributors, Inc., dated as of September 5, 2003.
- (h) (24) (a) Form of Amended and Restated Administrative Services Agreement between The United States Life Insurance Company in the City of New York and A I M Advisors, Inc., dated as of April 1, 2004.
- (h) (25) (c) Form of Amendment No. 2 to Agreement with Respect to Trademarks and Fund Names by and among A I M Management Group Inc., A I M Distributors, Inc., AIM Variable Insurance Funds, The United States Life Insurance Company in the City of New York and American General Equity Services Corporation.
- (h) (39) (a) Form of Indemnification Letter Agreement by and between J.P. Morgan Investment Management Inc. and The United States Life Insurance Company in the City of New York.
- (i) (1) Form of Administrative Services Agreement by and between The United States Life Insurance Company in the City of New York and American General Life Companies, effective February 1, 2004.
- (n) (1) Consent of Independent Registered Public Accounting Firm, PricewaterhouseCoopers LLP.
- (q) (1) Description of The United States Life Insurance Company in the City of New York's Issuance, Transfer and Redemption Procedures for Variable Universal Life Insurance Policies Pursuant to Rule 6e-3(T) (b) (12) (iii) under the Investment Company Act of 1940.

AMENDMENT TO PARTICIPATION AGREEMENT

This AMENDMENT TO PARTICIPATION AGREEMENT dated as of _____, 2004, by and among VANGUARD VARIABLE INSURANCE FUND, THE VANGUARD GROUP, INC., VANGUARD MARKETING CORPORATION and THE UNITED STATES LIFE INSURANCE COMPANY IN THE CITY OF NEW YORK.

WITNESSETH:

WHEREAS, the parties hereto have entered into a Participation Agreement dated as of October 2, 2000 (the "Participation Agreement"), pursuant to which the Sponsor has agreed to make shares of the Fund available for purchase and redemption by certain Accounts of the Company in connection with the Company's Variable Insurance products; and

WHEREAS, the parties desire to modify the Participation Agreement in certain respects;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms in this Amendment shall have the meanings assigned in the Participation Agreement.
2. Amendment of Participation Agreement. The Participation Agreement is hereby amended by replacing Schedule A to the Participation Agreement with Schedule A attached to this Amendment.
3. No Other Modifications. Except as specifically modified hereby, the Participation Agreement remains in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed on their behalf by their duly authorized officers as of the day and year first above written.

VANGUARD VARIABLE INSURANCE FUND

By:

Name:

Title:

THE VANGUARD GROUP, INC.

By:

Name:

Title:

VANGUARD MARKETING CORPORATION

By:

Name:

Title:

THE UNITED STATES LIFE INSURANCE COMPANY
IN THE CITY OF NEW YORK

By:

Name:

Title:

SCHEDULE A

SEPARATE ACCOUNTS AND ASSOCIATED CONTRACTS
(Revised _____, 2004)

Name of Separate Account

Contracts Funded by Separate Account

Separate Account USL VL-R
(August 8, 1997)

Platinum Investor VUL Flexible Premium Life
Platinum Investor Survivor VUL Last Survivor
Flexible Premium Life Insurance Policy
(effective 10/1/2001)
Platinum Investor PLUS (effective 9/5/2003)
Platinum Investor Survivor II
(effective 7/1/04)

Separate Account USL VA-R

Platinum Investor Immediate VA (effective

(August 8, 1997)

9/5/2003)

Amended and Restated Participation Agreement
as of September 5, 2003
Franklin Templeton Variable Insurance Products Trust
Franklin/Templeton Distributors, Inc.
The United States Life Insurance Company in the City of New York
American General Equity Services Corporation

CONTENTS

Section	Subject Matter
-----	-----
1.	Parties and Purpose
2.	Representations and Warranties
3.	Purchase and Redemption of Trust Portfolio Shares
4.	Fees, Expenses, Prospectuses, Proxy Materials and Reports
5.	Voting
6.	Sales Material, Information and Trademarks
7.	Indemnification
8.	Notices
9.	Termination
10.	Miscellaneous

Schedules to this Agreement

- A. The Company
- B. Accounts of the Company
- C. Available Portfolios and Classes of Shares of the Trust;
Investment Advisers
- D. Contracts of the Company
- E. [this schedule is not used]
- F. Rule 12b-1 Plans of the Trust
- G. Addresses for Notices
- H. Shared Funding Order

1. Parties and Purpose

This agreement (the "Agreement") is between certain portfolios and classes thereof, specified below and in Schedule C, of Franklin Templeton Variable Insurance Products Trust, an open-end management investment company organized as a business trust under Massachusetts law (the "Trust"), Franklin/Templeton Distributors, Inc., a California corporation which is the principal underwriter for the Trust (the "Underwriter," and together with the Trust, "we" or "us") and the insurance company identified on Schedule A ("you") and your distributor, on your own behalf and on behalf of each segregated asset account

maintained by you that is listed on Schedule B, as that schedule may be amended from time to time ("Account" or "Accounts").

The purpose of this Agreement is to entitle you, on behalf of the Accounts, to purchase and or redeem the shares, and classes of shares, of portfolios of the Trust ("Portfolios") that are identified on Schedule C, consistent with the terms of the prospectuses of the Portfolios, solely for the purpose of funding benefits of your variable life insurance policies or variable annuity contracts ("Contracts") that are identified on Schedule D. This Agreement does not authorize any other purchases or redemptions of shares of the Trust.

2. Representations and Warranties

2.1 Representations and Warranties by You

You represent and warrant that:

2.1.1 You are an insurance company duly organized and in good standing under the laws of your state of incorporation.

2.1.2 All of your directors, officers, employees, and other individuals or entities dealing with the money and/or securities of the Trust are and shall be at all times covered by a blanket fidelity bond or similar coverage for the benefit of the Trust, in an amount not less than \$5 million. Such bond shall include coverage for larceny and embezzlement and shall be issued by a reputable bonding company. You agree to make all reasonable efforts to see that this bond or another bond containing such provisions is always in effect, and you agree to notify us in the event that such coverage no longer applies.

2.1.3 Each Account is a duly organized, validly existing segregated asset account under applicable insurance law and interests in each Account are offered exclusively through the purchase of or transfer into a "variable contract" within the meaning of such terms under Section 817 of the Internal Revenue Code of 1986, as amended ("Code") and the regulations thereunder. You will use your best efforts to continue to meet such definitional requirements, and will notify us immediately upon having a reasonable basis for believing that such requirements have ceased to be met or that they might not be met in the future.

2.1.4 Each Account either: (i) has been registered or, prior to any issuance or sale of the Contracts, will be registered as a unit investment trust under the Investment Company Act of 1940 ("1940 Act"); or (ii) has not been so registered in proper reliance upon an exemption from registration under Section 3(c) of the 1940 Act; if the Account is exempt from registration as an investment company under Section 3(c) of the 1940 Act, you will use your best efforts to maintain such exemption and will notify us immediately upon having a reasonable basis for believing that such exemption no longer applies or might not apply in the future.

2.1.5 The Contracts or interests in the Accounts: (i) are or, prior to any issuance or sale will be, registered as securities under the Securities Act of 1933, as amended (the "1933 Act"); or (ii) are not registered because they are properly exempt from registration under Section 3(a)(2) of the 1933 Act or will be offered exclusively in transactions that are

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properly exempt from registration under Section 4(2) or Regulation D of the 1933 Act, in which case you will make every effort to maintain such exemption and will notify us immediately upon having a reasonable basis for believing that such exemption no longer applies or might not apply in the future.

2.1.6 The Contracts: (i) will be sold by broker-dealers, or their registered representatives, who are registered with the Securities and Exchange Commission ("SEC") under the Securities and Exchange Act of 1934, as amended (the "1934 Act") and who are members in good standing of the National Association of Securities Dealers, Inc. (the "NASD"); (ii) will be issued and sold in compliance in all material respects with all applicable federal and state laws; and (iii) will be sold in compliance in all material respects with state insurance suitability requirements and NASD suitability guidelines. Without limiting the foregoing, you agree that in recommending to a Contract owner the purchase, sale or exchange of any subaccount units under the Contracts, you shall have reasonable grounds for believing that the

recommendation is suitable for such Contract owner.

2.1.7 The Contracts currently are and will be treated as modified endowment contracts, annuity contracts or life insurance contracts under applicable provisions of the Code and you will use your best efforts to maintain such treatment; you will notify us immediately upon having a reasonable basis for believing that any of the Contracts have ceased to be so treated or that they might not be so treated in the future.

2.1.8 The fees and charges deducted under each Contract, in the aggregate, are reasonable in relation to the services rendered, the expenses expected to be incurred, and the risks assumed by you.

2.1.9 You will use shares of the Trust only for the purpose of funding benefits of the Contracts through the Accounts.

2.1.10 Contracts will not be sold outside of the United States.

2.1.11 With respect to any Accounts which are exempt from registration under the 1940 Act in reliance on 3(c)(1) or Section 3(c)(7) thereof:

2.1.11.1 the principal underwriter for each such Account and any subaccounts thereof is a registered broker-dealer with the SEC under the 1934 Act;

2.1.11.2 the shares of the Portfolios of the Trust are and will continue to be the only investment securities held by the corresponding subaccounts; and

2.1.11.3 with regard to each Portfolio, you, on behalf of the corresponding subaccount, will:

(a) vote such shares held by it in the same proportion as the vote of all other holders of such shares; and

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(b) refrain from substituting shares of another security for such shares unless the SEC has approved such substitution in the manner provided in Section 26 of the 1940 Act.

2.1.12 As covered financial institutions we, only with respect to Portfolio shareholders, and you each undertake and agree to comply, and to take full responsibility in complying with any and all applicable laws, regulations, protocols and other requirements relating to money laundering including, without limitation, the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 (Title III of the USA PATRIOT Act).

2.2 Representations and Warranties by the Trust

The Trust represents and warrants that:

2.2.1 It is duly organized and in good standing under the laws of the State of Massachusetts.

2.2.2 All of its directors, officers, employees and others dealing with the money and/or securities of a Portfolio are and shall be at all times covered by a blanket fidelity bond or similar coverage for the benefit of the Trust in an amount not less than the minimum coverage required by Rule 17g-1 or other regulations under the 1940 Act. Such bond shall include coverage for larceny and embezzlement and be issued by a reputable bonding company.

2.2.3 It is registered as an open-end management investment company under the 1940 Act.

2.2.4 Each class of shares of the Portfolios of the Trust is registered under the 1933 Act.

2.2.5 It will amend its registration statement under the 1933 Act and the 1940 Act from time to time as required in order to effect the continuous offering of its shares.

2.2.6 It will comply, in all material respects, with the 1933 and 1940 Acts and the rules and regulations thereunder.

2.2.7 It is currently qualified as a "regulated investment company" under Subchapter M of the Code, it will make every effort to maintain such qualification, and will notify you immediately upon having a reasonable basis for believing that it has ceased to so qualify or that it might not so qualify in the future.

2.2.8 The Trust will use its best efforts to comply with the diversification requirements for variable annuity, endowment or life insurance contracts set forth in Section 817(h) of the Code, and the rules and regulations thereunder, including without limitation Treasury Regulation 1.817-5. Upon having a reasonable basis for believing any

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Portfolio has ceased to comply and will not be able to comply within the grace period afforded by Regulation 1.817-5, the Trust will notify you immediately and will take all reasonable steps to adequately diversify the Portfolio to achieve compliance.

2.2.9 It currently intends for one or more classes of shares (each, a "Class") to make payments to finance its distribution expenses, including service fees, pursuant to a plan ("Plan") adopted under rule 12b-1 under the 1940 Act ("Rule 12b-1"), although it may determine to discontinue such practice in the future. To the extent that any Class of the Trust finances its distribution expenses pursuant to a Plan adopted under rule 12b-1, the Trust undertakes to comply with any then current SEC interpretations concerning rule 12b-1 or any successor provisions.

2.3 Representations and Warranties by the Underwriter

The Underwriter represents and warrants that:

2.3.1 It is registered as a broker dealer with the SEC under the 1934 Act, and is a member in good standing of the NASD.

2.3.2 Each investment adviser listed on Schedule C (each, an "Adviser") is duly registered as an investment adviser under the Investment Advisers Act of 1940, as amended, and any applicable state securities law.

2.4 Warranty and Agreement by Both You and Us

We received an order from the SEC dated November 16, 1993 (file no. 812-8546), which was amended by a notice and an order we received on September 17, 1999 and October 13, 1999, respectively (file no. 812-11698) (collectively,

the "Shared Funding Order," attached to this Agreement as Schedule H). The Shared Funding Order grants exemptions from certain provisions of the 1940 Act and the regulations thereunder to the extent necessary to permit shares of the Trust to be sold to and held by variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies and qualified pension and retirement plans outside the separate account context. You and we both warrant and agree that both you and we will comply with the "Applicants' Conditions" prescribed in the Shared Funding Order as though such conditions were set forth verbatim in this Agreement, including, without limitation, the provisions regarding potential conflicts of interest between the separate accounts which invest in the Trust and regarding contract owner voting privileges. In order for the Trust's Board of Trustees to perform its duty to monitor for conflicts of interest, you agree to inform us of the occurrence of any of the events specified in condition 2 of the Shared Funding Order to the extent that such event may or does result in a material conflict of interest as defined in that order.

3. Purchase and Redemption of Trust Portfolio Shares

3.1 Availability of Trust Portfolio Shares

3.1.1 We will make shares of the Portfolios available to the Accounts for the benefit of the Contracts. The shares will be available for purchase at the net asset value per

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share next computed after we (or our agent, or you as our designee) receive a purchase order, as established in accordance with the provisions of the then current prospectus of the Trust. All orders are subject to acceptance by us and by the Portfolio or its transfer agent, and become effective only upon confirmation by us. Notwithstanding the foregoing, the Trust's Board of Trustees ("Trustees") may refuse to sell shares of any Portfolio to any person, or may suspend or terminate the offering of shares of any Portfolio if such action is required by law or by regulatory authorities having jurisdiction or if, in the sole discretion of the Trustees, they deem such action to be in the best interests of the shareholders of such Portfolio.

3.1.2 Without limiting the other provisions of this Section 3.1, among other delegations by the Trustees, the Trustees have determined that there is a significant risk that the Trust and its shareholders may be adversely affected by investors with short term trading activity and/or whose purchase and redemption activity follows a market timing pattern as defined in the prospectus for the Trust, and have authorized the Trust, the Underwriter and the Trust's transfer agent to adopt procedures and take other action (including, without limitation, rejecting specific purchase orders in whole or in part) as they deem necessary to reduce, discourage, restrict or eliminate such trading and/or market timing activity. You agree that your purchases and redemptions of Portfolio shares are subject to, and that you will assist us in implementing, the Market Timing Trading Policy and Additional Policies (as described in the Trust's prospectus) and the Trust's restrictions on excessive and/or short term trading activity and/or purchase and redemption activity that follows a market timing pattern.

3.1.3 We agree that shares of the Trust will be sold only to life insurance companies which have entered into fund participation agreements with the Trust ("Participating Insurance Companies") and their separate accounts or to qualified pension and retirement plans in accordance with the terms of the Shared Funding Order. No shares of any Portfolio will be sold to the general public.

3.2 Manual or Automated Portfolio Share Transactions

3.2.1 Section 3.3 of this Agreement shall govern and Section 3.4

shall not be operative, unless we receive from you at the address provided in the next sentence, written notice that you wish to communicate, process and settle purchase and redemptions for shares (collectively, "share transactions") via the Fund/SERV and Networking systems of the National Securities Clearing Corporation ("NSCC"). The address for you to send such written notice shall be: Retirement Services, Franklin Templeton Investments, 910 Park Place, 1st Floor, San Mateo, California 94403-1906. After giving ten (10) days' advance written notice at the address provided in the previous sentence of your desire to use NSCC processing, Section 3.4 of this Agreement shall govern and Section 3.3 shall not be operative.

3.2.2 At any time when, pursuant to the preceding paragraph, Section 3.4 of this Agreement governs, any party to this Agreement may send written notice to the other parties that it chooses to end the use of the NSCC Fund/SERV and Networking systems and return to manual handling of share transactions. Such written notice shall be sent: (i) if from you to us, to the address provided in the preceding paragraph; (ii) if from us to you, to your address in Schedule G of this Agreement. After giving ten (10) days' advance written notice

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at the address as provided in the previous sentence, Section 3.3 of this Agreement shall govern and Section 3.4 shall not be operative.

3.3 Manual Purchase and Redemption

3.3.1 You are hereby appointed as our designee for the sole purpose of receiving from Contract owners purchase and exchange orders and requests for redemption resulting from investment in and payments under the Contracts that pertain to subaccounts that invest in Portfolios ("Instructions"). "Business Day" shall mean any day on which the New York Stock Exchange is open for trading and on which the Trust calculates its net asset value pursuant to the rules of the SEC and its current prospectus. "Close of Trading" shall mean the close of trading on the New York Stock Exchange, generally 4:00 p.m. Eastern Time. You represent and warrant that all Instructions transmitted to us for processing on or as of a given Business Day ("Day 1") shall have been received in proper form and time stamped by you prior to the Close of Trading on Day 1. Such Instructions shall receive the share price next calculated following the Close of Trading on Day 1, provided that we receive such Instructions from you before 9:30 a.m. Eastern Time on the next Business Day ("Day 2"). You represent and warrant that Instructions received in proper form and time stamped by you after the Close of Trading on Day 1 shall be treated by you and transmitted to us as if received on Day 2. Such Instructions shall receive the share price next calculated following the Close of Trading on Day 2. You represent and warrant that you have, maintain and periodically test, procedures and systems in place reasonably designed to prevent Instructions received after the Close of Trading on Day 1 from being executed with Instructions received before the Close of Trading on Day 1. All Instructions we receive from you after 9:30 a.m. Eastern Time on Day 2 shall be processed by us on the following Business Day and shall receive the share price next calculated following the Close of Trading on Day 2.

3.3.2 We shall calculate the net asset value per share of each Portfolio on each Business Day, and shall communicate these net asset values to you or your designated agent on a daily basis as soon as reasonably practical after the calculation is completed (normally by 6:30 p.m. Eastern Time).

3.3.3 You shall submit payment for the purchase of shares of a Portfolio on behalf of an Account in federal funds transmitted by wire to the Trust or to its designated custodian, which must receive such wires no later than the close of the Reserve Bank, which is 6:00 p.m. Eastern Time, on the Business Day following the Business Day as of which such purchases orders are made.

3.3.4 We will redeem any full or fractional shares of any Portfolio, when requested by you on behalf of an Account, at the net asset value next computed after receipt by us (or our agent or you as our designee) of the request for redemption, as established in accordance with the provisions of the then current prospectus of the Trust. We shall make payment for such shares in the manner we establish from time to time, but in no event shall payment be delayed for a greater period than is permitted by the 1940 Act.

3.3.5 Issuance and transfer of the Portfolio shares will be by book entry only. Stock certificates will not be issued to you or the Accounts. Portfolio shares purchased from

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the Trust will be recorded in the appropriate title for each Account or the appropriate subaccount of each Account.

3.3.6 We shall furnish, on or before the ex-dividend date, notice to you of any income dividends or capital gain distributions payable on the shares of any Portfolio. You hereby elect to receive all such income dividends and capital gain distributions as are payable on shares of a Portfolio in additional shares of that Portfolio, and you reserve the right to change this election in the future. We will notify you of the number of shares so issued as payment of such dividends and distributions.

3.3.7 Each party to this Agreement agrees that, in the event of a material error resulting from incorrect information or confirmations, the parties will seek to comply in all material respects with the provisions of applicable federal securities laws.

3.4 Automated Purchase and Redemption

3.4.1 "Fund/SERV" shall mean NSCC's Mutual Fund Settlement, Entry and Registration Verification System, a system for automated, centralized processing of mutual fund purchase and redemption orders, settlement, and account registration; "Networking" shall mean NSCC's system that allows mutual funds and life insurance companies to exchange account level information electronically; and "Settling Bank" shall mean the entity appointed by the Trust or you, as applicable, to perform such settlement services on behalf of the Trust and you, as applicable, which entity agrees to abide by NSCC's then current rules and procedures insofar as they relate to same day funds settlement. In all cases, processing and settlement of share transactions shall be done in a manner consistent with applicable law.

3.4.2 You are hereby appointed as our designee for the sole purpose of receiving from Contract owners purchase and exchange orders and requests for redemption resulting from investment in and payments under the Contracts that pertain to subaccounts that invest in Portfolios ("Instructions"). "Business Day" shall mean any day on which the New York Stock Exchange is open for trading and on which the Trust calculates its net asset value pursuant to the rules of the SEC and its current prospectus. "Close of Trading" shall mean the close of trading on the New York Stock Exchange, generally 4:00 p.m. Eastern Time. Upon receipt of Instructions, and upon your determination that there are good funds with respect to Instructions involving the purchase of shares, you will calculate the net purchase or redemption order for each Portfolio.

3.4.3 On each Business Day, you shall aggregate all purchase and redemption orders for shares of a Portfolio that you received prior to the Close of Trading. You represent and warrant that all orders for net purchases or net redemptions derived from Instructions received by you and transmitted to Fund/SERV for processing on or as of a given Business Day ("Day 1") shall have been received in proper form and time stamped by you prior to the Close of

Trading on Day 1. Such orders shall receive the share price next calculated following the Close of Trading on Day 1, provided that we receive Instructions from Fund/SERV by 6:30 a.m. Eastern Time on the next Business Day ("Day 2"). You represent and warrant that orders received in good order and time stamped by you after the Close of Trading on Day 1 shall be treated by you and transmitted to Fund/SERV as if

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received on Day 2. Such orders shall receive the share price next calculated following the Close of Trading on Day 2. All Instructions we receive from Fund/SERV after 6:30 a.m. Eastern Time on Day 2 shall be processed by us on the following Business Day and shall receive the share price next calculated following the close of trading on Day 2. You represent and warrant that you have, maintain and periodically test, procedures and systems in place reasonably designed to prevent orders received after the Close of Trading on Day 1 from being executed with orders received before the Close of Trading on Day 1, and periodically monitor the systems to determine their effectiveness. Subject to your compliance with the foregoing, you will be considered the designee of the Underwriter and the Portfolios, and the Business Day on which Instructions are received by you in proper form prior to the Close of Trading will be the date as of which shares of the Portfolios are deemed purchased, exchanged or redeemed pursuant to such Instructions. Dividends and capital gain distributions will be automatically reinvested at net asset value in accordance with the Portfolio's then current prospectus.

3.4.4 We shall calculate the net asset value per share of each Portfolio on each Business Day, and shall furnish to you through NSCC's Networking or Mutual Fund Profile System: (i) the most current net asset value information for each Portfolio; and (ii) in the case of fixed income funds that declare daily dividends, the daily accrual or the interest rate factor. All such information shall be furnished to you by 6:30 p.m. Eastern Time on each Business Day or at such other time as that information becomes available.

3.4.5 You will wire payment for net purchase orders by the Trust's NSCC Firm Number, in immediately available funds, to an NSCC settling bank account designated by you in accordance with NSCC rules and procedures on the same Business Day such purchase orders are communicated to NSCC. For purchases of shares of daily dividend accrual funds, those shares will not begin to accrue dividends until the day the payment for those shares is received.

3.4.6 We will redeem any full or fractional shares of any Portfolio, when requested by you on behalf of an Account, at the net asset value next computed after receipt by us (or our agent or you as our designee) of the request for redemption, as established in accordance with the provisions of the then current prospectus of the Trust. NSCC will wire payment for net redemption orders by the Trust, in immediately available funds, to an NSCC settling bank account designated by you in accordance with NSCC rules and procedures on the Business Day such redemption orders are communicated to NSCC, except as provided in the Trust's prospectus and statement of additional information.

3.4.7 Issuance and transfer of the Portfolio shares will be by book entry only. Stock certificates will not be issued to you or the Accounts. Portfolio shares purchased from the Trust will be recorded in the appropriate title for each Account or the appropriate subaccount of each Account.

3.4.8 We shall furnish through NSCC's Networking or Mutual Fund Profile System on or before the ex-dividend date, notice to you of any income dividends or capital gain distributions payable on the shares of any Portfolio. You hereby elect to receive all such income dividends and capital gain distributions as are payable on shares of a Portfolio in

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additional shares of that Portfolio, and you reserve the right to change this election in the future. We will notify you of the number of shares so issued as payment of such dividends and distributions.

3.4.9 All orders are subject to acceptance by Underwriter and become effective only upon confirmation by Underwriter. Underwriter reserves the right: (i) not to accept any specific order or part of any order for the purchase or exchange of shares through Fund/SERV; and (ii) to require any redemption order or any part of any redemption order to be settled outside of Fund/SERV, in which case the order or portion thereof shall not be "confirmed" by Underwriter, but rather shall be accepted for redemption in accordance with Section 3.4.11 below.

3.4.10 All trades placed through Fund/SERV and confirmed by Underwriter via Fund/SERV shall settle in accordance with Underwriter's profile within Fund/SERV applicable to you. Underwriter agrees to provide you with account positions and activity data relating to share transactions via Networking.

3.4.11 If on any specific day you or Underwriter are unable to meet the NSCC deadline for the transmission of purchase or redemption orders for that day, a party may at its option transmit such orders and make such payments for purchases and redemptions directly to you or us, as applicable, as is otherwise provided in the Agreement; provided, however, that we must receive written notification from you by 9:00 a.m. Eastern Time on any day that you wish to transmit such orders and/or make such payments directly to us.

3.4.12 In the event that you or we are unable to or prohibited from electronically communicating, processing or settling share transactions via Fund/SERV, you or we shall notify the other, including providing the notification provided above in Section 3.4.11. After all parties have been notified, you and we shall submit orders using manual transmissions as are otherwise provided in the Agreement.

3.4.13 These procedures are subject to any additional terms in each Portfolio's prospectus and the requirements of applicable law. The Trust reserves the right, at its discretion and without notice, to suspend the sale of shares or withdraw the sale of shares of any Portfolio.

3.4.14 Each party to the Agreement agrees that, in the event of a material error resulting from incorrect information or confirmations, the parties will seek to comply in all material respects with the provisions of applicable federal securities laws.

3.4.15 You and Underwriter represent and warrant that each: (a) has entered into an agreement with NSCC; (b) has met and will continue to meet all of the requirements to participate in Fund/SERV and Networking; (c) intends to remain at all times in compliance with the then current rules and procedures of NSCC, all to the extent necessary or appropriate to facilitate such communications, processing, and settlement of share transactions; and (d) will notify the other parties to this Agreement if there is a change in or a pending failure with respect to its agreement with NSCC.

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4. Fees, Expenses, Prospectuses, Proxy Materials and Reports

4.1 We shall pay no fee or other compensation to you under this Agreement except as provided on Schedule F, if attached.

4.2 We shall prepare and be responsible for filing with the SEC, and any state regulators requiring such filing, all shareholder reports, notices, proxy materials (or similar materials such as voting instruction solicitation

materials), prospectuses and statements of additional information of the Trust. We shall bear the costs of preparation and filing of the documents listed in the preceding sentence, registration and qualification of the Trust's shares of the Portfolios.

4.3 We shall use reasonable efforts to provide you, on a timely basis, with such information about the Trust, the Portfolios and each Adviser, in such form as you may reasonably require, as you shall reasonably request in connection with the preparation of disclosure documents and annual and semi-annual reports pertaining to the Contracts.

4.4 At your option, we shall provide you, at our expense, with either: (i) for each Contract owner who is invested through the Account in a subaccount corresponding to a Portfolio ("designated subaccount"), one copy of each of the following documents on each occasion that such document is required by law or regulation to be delivered to such Contract owner who is invested in a designated subaccount: the Trust's current prospectus, annual report, semi-annual report and other shareholder communications, including any amendments or supplements to any of the foregoing, pertaining specifically to the Portfolios ("Designated Portfolio Documents"); or (ii) a camera ready copy of such Designated Portfolio Documents in a form suitable for printing and from which information relating to series of the Trust other than the Portfolios has been deleted to the extent practicable. In connection with clause (ii) of this paragraph, we will pay for proportional printing costs for such Designated Portfolio Documents in order to provide one copy for each Contract owner who is invested in a designated subaccount on each occasion that such document is required by law or regulation to be delivered to such Contract owner, and provided the appropriate documentation is provided and approved by us. We shall provide you with a copy of the Trust's current statement of additional information, including any amendments or supplements, in a form suitable for you to duplicate. The expenses of furnishing, including mailing, to Contract owners the documents referred to in this paragraph shall be borne by you. For each of the documents provided to you in accordance with clause (i) of this paragraph 4.4, we shall provide you, upon your request and at your expense, additional copies. In no event shall we be responsible for the costs of printing or delivery of Designated Portfolio Documents to potential or new Contract owners or the delivery of Designated Portfolio Documents to existing contract owners.

4.5 We shall provide you, at our expense, with copies of any Trust-sponsored proxy materials in such quantity as you shall reasonably require for distribution to Contract owners who are invested in a designated subaccount. You shall bear the costs of distributing proxy materials (or similar materials such as voting solicitation instructions) to Contract owners.

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4.6 You assume sole responsibility for ensuring that the Trust's prospectuses, shareholder reports and communications, and proxy materials are delivered to Contract owners in accordance with applicable federal and state securities laws.

5. Voting

5.1 All Participating Insurance Companies shall have the obligations and responsibilities regarding pass-through voting and conflicts of interest corresponding to those contained in the Shared Funding Order.

5.2 If and to the extent required by law, you shall: (i) solicit voting instructions from Contract owners; (ii) vote the Trust shares in accordance with the instructions received from Contract owners; and (iii) vote Trust shares for which no instructions have been received in the same proportion as Trust shares of such Portfolio for which instructions have been received; so long as and to the extent that the SEC continues to interpret the 1940 Act to require pass-through voting privileges for variable contract owners. You reserve the

right to vote Trust shares held in any Account in your own right, to the extent permitted by law.

5.3 So long as, and to the extent that, the SEC interprets the 1940 Act to require pass-through voting privileges for Contract owners, you shall provide pass-through voting privileges to Contract owners whose Contract values are invested, through the Accounts, in shares of one or more Portfolios of the Trust. We shall require all Participating Insurance Companies to calculate voting privileges in the same manner and you shall be responsible for assuring that the Accounts calculate voting privileges in the manner established by us. With respect to each Account, you will vote shares of each Portfolio of the Trust held by an Account and for which no timely voting instructions from Contract owners are received in the same proportion as those shares held by that Account for which voting instructions are received. You and your agents will in no way recommend or oppose or interfere with the solicitation of proxies for Portfolio shares held to fund the Contracts without our prior written consent, which consent may be withheld in our sole discretion.

6. Sales Material, Information and Trademarks

6.1 For purposes of this Section 6, "Sales literature or other Promotional material" includes, but is not limited to, portions of the following that use any logo or other trademark related to the Trust, or Underwriter or its affiliates, or refer to the Trust: advertisements (such as material published or designed for use in a newspaper, magazine or other periodical, radio, television, telephone or tape recording, videotape display, signs or billboards, motion pictures, electronic communication or other public media), sales literature (i.e., any written communication distributed or made generally available to customers or the public, including brochures, circulars, research reports, market letters, form letters, seminar texts, reprints or excerpts or any other advertisement, sales literature or published article or electronic communication), educational or training materials or other communications distributed or made generally available to some or all agents or employees in any media, and disclosure documents, shareholder reports and proxy materials.

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6.2 You shall furnish, or cause to be furnished to us or our designee, at least one complete copy of each registration statement, prospectus, statement of additional information, private placement memorandum, retirement plan disclosure information or other disclosure documents or similar information, as applicable (collectively "Disclosure Documents"), as well as any report, solicitation for voting instructions, Sales literature or other Promotional materials, and all amendments to any of the above that relate to the Contracts or the Accounts prior to its first use. You shall furnish, or shall cause to be furnished, to us or our designee each piece of Sales literature or other Promotional material in which the Trust or an Adviser is named, at least ten (10) Business Days prior to its proposed use. No such material shall be used unless we or our designee approve such material and its proposed use. We shall generally seek to review such material within ten (10) Business Days from the date we receive it.

6.3 You and your agents shall not give any information or make any representations or statements on behalf of the Trust or concerning the Trust, the Underwriter or an Adviser, other than information or representations contained in and accurately derived from the registration statement or prospectus for the Trust shares (as such registration statement and prospectus may be amended or supplemented from time to time), annual and semi-annual reports of the Trust, Trust-sponsored proxy statements, or in Sales literature or other Promotional material approved by the Trust or its designee, except as required by legal process or regulatory authorities or with the written permission of the Trust or its designee. You shall send us a complete copy of each Disclosure Document and item of Sales literature or other Promotional materials in its final form within twenty (20) days of its first use.

6.4 We shall not give any information or make any representations or statements on behalf of you or concerning you, the Accounts or the Contracts other than information or representations, including naming you as a Trust shareholder, contained in and accurately derived from Disclosure Documents for the Contracts (as such Disclosure Documents may be amended or supplemented from time to time), or in materials approved by you for distribution, including Sales literature or other Promotional materials, except as required by legal process or regulatory authorities or with your written permission.

6.5 Except as provided in Section 6.2, you shall not use any designation comprised in whole or part of the names or marks "Franklin" or "Templeton" or any logo or other trademark relating to the Trust or the Underwriter without prior written consent, and upon termination of this Agreement for any reason, you shall cease all use of any such name or mark as soon as reasonably practicable.

6.6 The Trust shall use reasonable efforts to provide you, on a timely basis, with such information about the Trust, the Portfolios and each Adviser, in such form as you may reasonably require, as you shall reasonably request in connection with the preparation of disclosure documents and annual and semi-annual reports pertaining to the Contracts.

6.7 You agree that any posting of Portfolio prospectuses on your website will result in the Portfolio prospectuses: (i) appearing identical to the hard copy printed version; (ii) being clearly associated with the particular Contracts in which they are available and posted in close proximity to the applicable Contract prospectuses; (iii) having no less

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prominence than prospectuses of any other underlying funds available under the Contracts; and (iv) being used in an authorized manner. Notwithstanding the above, you understand and agree that you are responsible for ensuring that participation in the Portfolios, and any website posting, or other use, of the Portfolio prospectuses is in compliance with this Agreement and applicable state and federal securities and insurance laws and regulations, including as they relate to paper or electronic use of fund prospectuses. The format of such presentation, the script and layout for any website that mentions the Trust, the Underwriter, an Adviser or the Portfolios shall be routed to us as sales literature or other promotional materials, pursuant to Section 6 of this Agreement.

In addition, you agree to be solely responsible for maintaining and updating the Portfolio prospectuses' PDF files (including prospectus supplements) and removing and/or replacing promptly any outdated prospectuses, as necessary, ensuring that any accompanying instructions by us, for using or stopping use are followed. You agree to designate and make available to us a person to act as a single point of communication contact for these purposes. We are not responsible for any additional costs or additional liabilities that may be incurred as a result of your election to place the Portfolio prospectuses on your website. We reserve the right to revoke this authorization, at any time and for any reason, although we may instead make our authorization subject to new procedures.

6.8 Each of your and your distributor's registered representatives, agents, independent contractors and employees, as applicable, will have access to our websites at franklintempleton.com, and such other URLs through which we may permit you to conduct business concerning the Portfolios from time to time (referred to collectively as the "Site") as provided herein: (i) upon registration by such individual on a Site; (ii) if you cause a Site Access Request Form (an "Access Form") to be signed by your authorized supervisory personnel and submitted to us, as a Schedule to, and legally a part of, this Agreement; or (iii) if you provide such individual with the necessary access

codes or other information necessary to access the Site through any generic or firm-wide authorization we may grant you from time to time. Upon receipt by us of a completed registration submitted by an individual through the Site or a signed Access Form referencing such individual, we shall be entitled to rely upon the representations contained therein as if you had made them directly hereunder and we will issue a user identification, express number and/or password (collectively, "Access Code"). Any person to whom we issue an Access Code or to whom you provide the necessary Access Codes or other information necessary to access the Site through any generic or firm-wide authorization we may grant you from time to time shall be an "Authorized User."

We shall be entitled to assume that such person validly represents you and that all instructions received from such person are authorized, in which case such person will have access to the Site, including all services and information to which you are authorized to access on the Site. All inquiries and actions initiated by you (including your Authorized Users) are your responsibility, are at your risk and are subject to our review and approval (which could cause a delay in processing). You agree that we do not have a duty to question information or instructions you (including Authorized Users) give to us under this Agreement, and that we are entitled to treat as authorized, and act upon, any such instructions and information you submit to us. You agree to take all reasonable measures to prevent any individual other than

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an Authorized User from obtaining access to the Site. You agree to inform us if you wish to restrict or revoke the access of any individual Access Code. If you become aware of any loss or theft or unauthorized use of any Access Code, you agree to contact us immediately. You also agree to monitor your (including Authorized Users') use of the Site to ensure the terms of this Agreement are followed. You also agree that you will comply with all policies and agreements concerning Site usage, including without limitation the Terms of Use Agreement(s) posted on the Site ("Site Terms"), as may be revised and reposted on the Site from time to time, and those Site Terms (as in effect from time to time) are a part of this Agreement. Your duties under this section are considered "services" required under the terms of this Agreement. You acknowledge that the Site is transmitted over the Internet on a reasonable efforts basis and we do not warrant or guarantee their accuracy, timeliness, completeness, reliability or non-infringement. Moreover, you acknowledge that the Site is provided for informational purposes only, and is not intended to comply with any requirements established by any regulatory or governmental agency.

7. Indemnification

7.1 Indemnification By You

7.1.1 You agree to indemnify and hold harmless the Underwriter, the Trust and each of its Trustees, officers, employees and agents and each person, if any, who controls the Trust within the meaning of Section 15 of the 1933 Act (collectively, the "Indemnified Parties" and individually the "Indemnified Party" for purposes of this Section 7) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with your written consent, which consent shall not be unreasonably withheld) or expenses (including the reasonable costs of investigating or defending any alleged loss, claim, damage, liability or expense and reasonable legal counsel fees incurred in connection therewith) (collectively, "Losses"), to which the Indemnified Parties may become subject under any statute or regulation, or at common law or otherwise, insofar as such Losses are related to the sale or acquisition of shares of the Trust or the Contracts and

7.1.1.1 arise out of or are based upon any untrue statements or alleged untrue statements of any material fact contained in a Disclosure Document for the Contracts or in the Contracts themselves or in sales

literature generated or approved by you on behalf of the Contracts or Accounts (or any amendment or supplement to any of the foregoing) (collectively, "Company Documents" for the purposes of this Section 7), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, provided that this indemnity shall not apply as to any Indemnified Party if such statement or omission or such alleged statement or omission was made in reliance upon and was accurately derived from written information furnished to you by or on behalf of the Trust for use in Company Documents or otherwise for use in connection with the sale of the Contracts or Trust shares; or

7.1.1.2 arise out of or result from statements or representations (other than statements or representations contained in and accurately derived from Trust Documents

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as defined below in Section 7.2) or wrongful conduct of you or persons under your control, with respect to the sale or acquisition of the Contracts or Trust shares; or

7.1.1.3 arise out of or result from any untrue statement or alleged untrue statement of a material fact contained in Trust Documents as defined below in Section 7.2 or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading if such statement or omission was made in reliance upon and accurately derived from written information furnished to the Trust by or on behalf of you; or

7.1.1.4 arise out of or result from any failure by you to provide the services or furnish the materials required under the terms of this Agreement;

7.1.1.5 arise out of or result from any material breach of any representation and/or warranty made by you in this Agreement or arise out of or result from any other material breach of this Agreement by you; or

7.1.1.6 arise out of or result from a Contract failing to be considered a life insurance policy or an annuity Contract, whichever is appropriate, under applicable provisions of the Code thereby depriving the Trust of its compliance with Section 817(h) of the Code.

7.1.2 You shall not be liable under this indemnification provision with respect to any Losses to which an Indemnified Party would otherwise be subject by reason of such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations and duties under this Agreement or to the Trust or Underwriter, whichever is applicable. You shall also not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified you in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of such service on any designated agent), but failure to notify you of any such claim shall not relieve you from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than on account of this indemnification provision. In case any such action is brought against the Indemnified Parties, you shall be entitled to participate, at your own expense, in the defense of such action. Unless the Indemnified Party releases you from any further obligations under this Section 7.1, you also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action. After notice from you to such party of your election to assume the defense

thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and you will not be liable to such party under this Agreement for any legal or other expenses subsequently incurred by such party independently in connection with the defense thereof other than reasonable costs of investigation.

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7.1.3 The Indemnified Parties will promptly notify you of the commencement of any litigation or proceedings against them in connection with the issuance or sale of the Trust shares or the Contracts or the operation of the Trust.

7.2 Indemnification By The Underwriter

7.2.1 The Underwriter agrees to indemnify and hold harmless you, and each of your directors and officers and each person, if any, who controls you within the meaning of Section 15 of the 1933 Act (collectively, the "Indemnified Parties" and individually an "Indemnified Party" for purposes of this Section 7.2) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Underwriter, which consent shall not be unreasonably withheld) or expenses (including the reasonable costs of investigating or defending any alleged loss, claim, damage, liability or expense and reasonable legal counsel fees incurred in connection therewith) (collectively, "Losses") to which the Indemnified Parties may become subject under any statute, at common law or otherwise, insofar as such Losses are related to the sale or acquisition of the shares of the Trust or the Contracts and:

7.2.1.1 arise out of or are based upon any untrue statements or alleged untrue statements of any material fact contained in the Registration Statement, prospectus or sales literature of the Trust (or any amendment or supplement to any of the foregoing) (collectively, the "Trust Documents") or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, provided that this agreement to indemnify shall not apply as to any Indemnified Party if such statement or omission of such alleged statement or omission was made in reliance upon and in conformity with information furnished to us by or on behalf of you for use in the Registration Statement or prospectus for the Trust or in sales literature (or any amendment or supplement) or otherwise for use in connection with the sale of the Contracts or Trust shares; or

7.2.1.2 arise out of or as a result of statements or representations (other than statements or representations contained in the Disclosure Documents or sales literature for the Contracts not supplied by the Underwriter or persons under its control) or wrongful conduct of the Trust, Adviser or Underwriter or persons under their control, with respect to the sale or distribution of the Contracts or Trust shares; or

7.2.1.3 arise out of any untrue statement or alleged untrue statement of a material fact contained in a Disclosure Document or sales literature covering the Contracts, or any amendment thereof or supplement thereto, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement or statements therein not misleading, if such statement or omission was made in reliance upon information furnished to you by or on behalf of the Trust; or

7.2.1.4 arise as a result of any failure by us to provide the services and furnish the materials under the terms of this Agreement (including a failure, whether

unintentional or in good faith or otherwise, to comply with the qualification representation specified above in Section 2.2.7 and the diversification requirements specified above in Section 2.2.8); or

7.2.1.5 arise out of or result from any material breach of any representation and/or warranty made by the Underwriter in this Agreement or arise out of or result from any other material breach of this Agreement by the Underwriter; as limited by and in accordance with the provisions of Sections 7.2.2 and 7.2.3 hereof.

7.2.2 The Underwriter shall not be liable under this indemnification provision with respect to any Losses to which an Indemnified Party would otherwise be subject by reason of such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations and duties under this Agreement or to you or the Accounts, whichever is applicable.

7.2.3 The Underwriter shall not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified the Underwriter in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of such service on any designated agent), but failure to notify the Underwriter of any such claim shall not relieve the Underwriter from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than on account of this indemnification provision. In case any such action is brought against the Indemnified Parties, the Underwriter will be entitled to participate, at its own expense, in the defense thereof. Unless the Indemnified Party releases the Underwriter from any further obligations under this Section 7.2, the Underwriter also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action. After notice from the Underwriter to such party of the Underwriter's election to assume the defense thereof, the Indemnified Party shall bear the expenses of any additional counsel retained by it, and the Underwriter will not be liable to such party under this Agreement for any legal or other expenses subsequently incurred by such party independently in connection with the defense thereof other than reasonable costs of investigation.

7.2.4 You agree promptly to notify the Underwriter of the commencement of any litigation or proceedings against you or the Indemnified Parties in connection with the issuance or sale of the Contracts or the operation of each Account.

7.3 Indemnification By The Trust

7.3.1 The Trust agrees to indemnify and hold harmless you, and each of your directors and officers and each person, if any, who controls you within the meaning of Section 15 of the 1933 Act (collectively, the "Indemnified Parties" for purposes of this Section 7.3) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of the Trust, which consent shall not be unreasonably withheld) or litigation (including legal and other expenses) to which the Indemnified Parties may become subject under any statute, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements result from the gross negligence, bad faith or willful

misconduct of the Board or any member thereof, are related to the operations of the Trust, and arise out of or result from any material breach of any representation and/or warranty made by the Trust in this Agreement or arise out of or result from any other material breach of this Agreement by the Trust; as limited by and in accordance with the provisions of Sections 7.3.2 and 7.3.3 hereof. It is understood and expressly stipulated that neither the holders of shares of the Trust nor any Trustee, officer, agent or employee of the Trust shall be personally liable hereunder, nor shall any resort be had to other private property for the satisfaction of any claim or obligation hereunder, but the Trust only shall be liable.

7.3.2 The Trust shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation incurred or assessed against any Indemnified Party as such may arise from such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations and duties under this Agreement or to you, the Trust, the Underwriter or each Account, whichever is applicable.

7.3.3 The Trust shall not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified the Trust in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claims shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of such service on any designated agent), but failure to notify the Trust of any such claim shall not relieve the Trust from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than on account of this indemnification provision. In case any such action is brought against the Indemnified Parties, the Trust will be entitled to participate, at its own expense, in the defense thereof. Unless the Indemnified Party releases the Trust from any further obligations under this Section 7.3, the Trust also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action. After notice from the Trust to such party of the Trust's election to assume the defense thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and the Trust will not be liable to such party under this Agreement for any legal or other expenses subsequently incurred by such party independently in connection with the defense thereof other than reasonable costs of investigation.

7.3.4 You agree promptly to notify the Trust of the commencement of any litigation or proceedings against you or the Indemnified Parties in connection with this

Agreement, the issuance or sale of the Contracts, with respect to the operation of the Account, or the sale or acquisition of shares of the Trust.

8. Notices

Any notice, except for those provided in Sections 3.2.1 and 3.2.2 of the Agreement, shall be sufficiently given when sent by registered or certified mail, or by nationally recognized overnight courier services, to the other party at the address of such party set forth in Schedule G below or at such other address as such party may from time to time specify in writing to the other party.

9. Termination

9.1 This Agreement may be terminated by any party in its entirety or with respect to one, some or all Portfolios for any reason by sixty (60) days advance written notice delivered to the other parties. This Agreement shall terminate immediately in the event of its assignment by any party without the

prior written approval of the other parties, or as otherwise required by law.

9.2 This Agreement may be terminated immediately by us upon written notice to you if:

9.2.1 (i) you breach any of the representations and warranties made in this Agreement; or (ii) you inform us that any of such representations and warranties may no longer be true or might not be true in the future; or (iii) any of such representations and warranties were not true on the effective date of this Agreement, are at any time no longer true, or have not been true during any time since the effective date of this Agreement; or

9.2.2 either one or both of the Trust or the Underwriter respectively, shall determine, in their sole judgment exercised in good faith, that you have suffered a material adverse change in your business, operations, financial condition or prospects since the date of this Agreement or are the subject of material adverse publicity; or

9.2.3 you give us the written notice specified above in Section 3.3 and at the same time you give us such notice there was no notice of termination outstanding under any other provision of this Agreement; provided, however, that any termination under this Section 9.2.3 shall be effective forty-five (45) days after the notice specified in Section 3.3 was given.

9.3 If this Agreement is terminated for any reason, except as required by the Shared Funding Order, we may, at our option and pursuant to all of the terms and conditions of this Agreement: (i) continue to make available additional shares of any Portfolio for any or all Contracts or Accounts existing on the effective date of termination of this Agreement; or (ii) involuntarily redeem, at our option in kind or for cash, shares of any Portfolio, for any or all Contracts or Accounts existing on the effective date of termination of this Agreement. If

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this Agreement is terminated as required by the Shared Funding Order, its provisions shall govern.

9.4 The provisions of Sections 2 (Representations and Warranties) and 7 (Indemnification) shall survive the termination of this Agreement. All other applicable provisions of this Agreement shall survive the termination of this Agreement, as long as shares of the Trust are held on behalf of Contract owners in accordance with Section 9.3, except that we shall have no further obligation to sell Trust shares with respect to Contracts issued after termination.

9.5 You shall not redeem Trust shares attributable to the Contracts (as opposed to Trust shares attributable to your assets held in the Account) except: (i) as necessary to implement Contract owner initiated or approved transactions; (ii) as required by state and/or federal laws or regulations or judicial or other legal precedent of general application (hereinafter referred to as a "Legally Required Redemption"); or (iii) as permitted by an order of the SEC pursuant to Section 26(b) of the 1940 Act. Upon request, you shall promptly furnish to us the opinion of your counsel (which counsel shall be reasonably satisfactory to us) to the effect that any redemption pursuant to clause (ii) above is a Legally Required Redemption. Furthermore, except in cases where permitted under the terms of the Contracts, you shall not prevent Contract owners from allocating payments to a Portfolio that was otherwise available under the Contracts without first giving us ninety (90) days notice of your intention to do so.

10. Miscellaneous

10.1 The captions in this Agreement are included for convenience of reference only and in no way define or delineate any of the provisions of this Agreement or otherwise affect their construction or effect.

10.2 This Agreement may be executed simultaneously in two or more counterparts, all of which taken together shall constitute one and the same instrument.

10.3 If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Agreement shall not be affected thereby.

10.4 This Agreement shall be construed and its provisions interpreted under and in accordance with the laws of the State of California. It shall also be subject to the provisions of the federal securities laws and the rules and regulations thereunder, to any orders of the SEC on behalf of the Trust granting it exemptive relief, and to the conditions of such orders. We shall promptly forward copies of any such orders to you.

10.5 The parties to this Agreement acknowledge and agree that all liabilities of the Trust arising, directly or indirectly, under this Agreement, of any and every nature whatsoever, shall be satisfied solely out of the assets of the Trust and that no Trustee, officer, agent or holder of shares of beneficial interest of the Trust shall be personally liable for any such liabilities.

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10.6 The parties to this Agreement agree that the assets and liabilities of each Portfolio of the Trust are separate and distinct from the assets and liabilities of each other Portfolio. No Portfolio shall be liable or shall be charged for any debt, obligation or liability of any other Portfolio.

10.7 Each party to this Agreement shall cooperate with each other party and all appropriate governmental authorities (including without limitation the SEC, the NASD, and state insurance regulators) and shall permit such authorities reasonable access to its books and records in connection with any investigation or inquiry relating to this Agreement or the transactions contemplated hereby.

10.8 Each party shall treat as confidential all information of the other party which the parties agree in writing is confidential ("Confidential Information"). Except as permitted by this Agreement or as required by appropriate governmental authority (including, without limitation, the SEC, the NASD, or state securities and insurance regulators) the receiving party shall not disclose or use Confidential Information of the other party before it enters the public domain, without the express written consent of the party providing the Confidential Information.

10.9 The rights, remedies and obligations contained in this Agreement are cumulative and are in addition to any and all rights, remedies and obligations, at law or in equity, which the parties to this Agreement are entitled to under state and federal laws.

10.10 The parties to this Agreement acknowledge and agree that this Agreement shall not be exclusive in any respect.

10.11 Neither this Agreement nor any rights or obligations created by it may be assigned by any party without the prior written approval of the other parties.

10.12 No provisions of this Agreement may be amended or modified in any manner except by a written agreement properly authorized and executed by both parties. Notwithstanding the foregoing, the Site Terms may be separately amended as provided therein and, as so amended and in effect from time to time, shall be

a part of this Agreement.

10.13 Each party to the Agreement agrees to limit the disclosure of nonpublic personal information of Contract owners and customers consistent with its policies on privacy with respect to such information and Regulation S-P of the SEC. Each party hereby agrees that it will comply with all applicable requirements under the regulations implementing Title V of the Gramm-Leach-Bliley Act and any other applicable federal and state consumer privacy acts, rules and regulations. Each party further represents that it has in place, and agrees that it will maintain, information security policies and procedures for protecting nonpublic personal customer information adequate to conform to applicable legal requirements.

IN WITNESS WHEREOF, each of the parties have caused their duly authorized officers to execute this Agreement.

The Company: The United States Life Insurance Company
in the City of New York

By: _____

Name:
Title:

[Corporate Seal]

Attest: _____

Name:
Title:

Distributor for the Company: American General Equity Services
Corporation

By: _____

Name:
Title:

[Corporate Seal]

Attest: _____

Name:
Title:

The Trust: Franklin Templeton Variable Insurance
Products Trust

Only on behalf of each
Portfolio listed on
Schedule C hereof.

By: _____

Name: Karen L. Skidmore
Title: Assistant Vice President

The Underwriter: Franklin/Templeton Distributors, Inc.

By: _____

Name: Philip J. Kearns
Title: Vice President

Schedule A

The Company and Its Distributor

THE COMPANY

The United States Life Insurance Company of the City of New York
390 Park Avenue
New York, New York 10022-4684

A life insurance company organized as a corporation under New York law.

THE DISTRIBUTOR

American General Equity Services Corporation
2727 Allen Parkway
Houston, Texas 77019

A corporation organized under Delaware laws.

A

Schedule B

Accounts of the Company

1. Name: The United States Life Insurance Company
in the City of New York Separate
Account USL VL-R
Date Established: August 8, 1997
SEC Registration Number: 811-09359
2. Name: The United States Life Insurance Company
in the City of New York Separate
Account USL VA-R
Date Established: August 8, 1997
SEC Registration Number: 811-09007

B

Schedule C

Available Portfolios and Classes of Shares of the Trust; Investment Advisers

Franklin Templeton Variable Insurance Products Trust	Investment Adviser
----- Franklin Small Cap Value Securities Fund - Class 2	----- Franklin Advisory Services, LLC.
Franklin U.S. Government Fund - Class 2	Franklin Advisers, Inc.
Mutual Shares Securities Fund - Class 2	Franklin Mutual Advisers, LLC
Templeton International Securities Fund - Class 2	Templeton Investment Counsel, LLC

C

Schedule D

Contracts of the Company

<TABLE>			
<CAPTION>			
#	Product Name	Registered Y/N 1933 Act #	Separate Account Name
	State Form ID	1940 Act #	Classes of Shares and Portfolios
<S>	<C>	<C>	<C>
1.	Platinum Investor VUL Yes 333-79471 97600N	The United States Life Insurance Company in the City of New York Separate Account USL VL-R 811-09359	Class 2 shares: Franklin U.S. Government Fund Mutual Shares Securities Fund Templeton Foreign Securities Fund
2.	Platinum Investor Survivor VUL Yes 333-57062 99206N	The United States Life Insurance Company in the City of New York Separate Account USL VL-R 811-09359	Class 2 shares: Franklin U.S. Government Fund Mutual Shares Securities Fund Templeton Foreign Securities Fund
3.	Platinum Investor Immediate VA Yes 333-109499 03017N	The United States Life Insurance Company in the City of New York Separate Account USL VA-R 811-09007	Class 2 shares: Franklin Small Cap Value Securities Fund Franklin U.S. Government Fund Mutual Shares Securities Fund
4.	Platinum Investor PLUS Yes 333-105246 02600N	The United States Life Insurance Company in the City of New York Separate Account USL VL-R 811-09359	Class 2 shares: Franklin Small Cap Value Securities Fund Franklin U.S. Government Fund Mutual Shares Securities Fund
5.	Platinum Investor Survivor II 333-105762 01206N	The United States Life Insurance Company in the City of New York Separate Account USL VL-R 811-09359	Class 2 shares: Franklin Small Cap Value Securities Fund Franklin U.S. Government Fund Mutual Shares Securities Fund Templeton Foreign Securities Fund

</TABLE>

D

Schedule E

This schedule is not used

E

Schedule F

Rule 12b-1 Plans of the Trust

Compensation Schedule

Each Portfolio named below shall pay the following amounts pursuant to the terms and conditions referenced below under its Class 2 Rule 12b-1 Distribution Plan, stated as a percentage per year of Class 2's average daily net assets represented by shares of Class 2.

Portfolio Name	Maximum Annual Payment Rate
Franklin Small Cap Value Securities Fund	0.25%

Franklin U.S. Government Fund	0.25%
Mutual Shares Securities Fund	0.25%
Templeton Foreign Securities Fund	0.25%

Agreement Provisions

If the Company, on behalf of any Account, purchases Trust Portfolio shares ("Eligible Shares") which are subject to a Rule 12b-1 plan adopted under the 1940 Act (the "Plan"), the Company may participate in the Plan.

To the extent the Company or its affiliates, agents or designees (collectively "you") provide any activity or service which is primarily intended to assist in the promotion, distribution or account servicing of Eligible Shares ("Rule 12b-1 Services") or variable contracts offering Eligible Shares, the Underwriter, the Trust or their affiliates (collectively, "we") may pay you a Rule 12b-1 fee. "Rule 12b-1 Services" may include, but are not limited to, printing of prospectuses and reports used for sales purposes, preparing and distributing sales literature and related expenses, advertisements, education of dealers and their representatives, and similar distribution-related expenses, furnishing personal services to owners of Contracts which may invest in Eligible Shares ("Contract Owners"), education of Contract Owners, answering routine inquiries regarding a Portfolio, coordinating responses to Contract Owner inquiries regarding the Portfolios, maintaining such accounts or providing such other enhanced services as a Trust Portfolio or Contract may require, or providing other services eligible for service fees as defined under NASD rules. Your acceptance of such compensation is your acknowledgment that eligible services have been rendered. All Rule 12b-1 fees, shall be based on the value of Eligible Shares owned by the Company on behalf of its Accounts, and shall be calculated on the basis and at the rates set forth in the Compensation Schedule stated above. The aggregate annual fees paid pursuant to each Plan shall not exceed the amounts stated as the "annual maximums" in the Portfolio's prospectus, unless an increase is approved by shareholders as provided in the Plan. These maximums shall be a specified percent of the value of a Portfolio's net assets attributable to Eligible Shares owned by the Company on behalf of its Accounts (determined in the same manner as the Portfolio uses to compute its net assets as set forth in its effective Prospectus). The Rule 12b-1 fee will be paid to you within thirty (30) days after the end of the three-month periods ending in January, April, July and October.

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You shall furnish us with such information as shall reasonably be requested by the Trust's Boards of Trustees ("Trustees") with respect to the Rule 12b-1 fees paid to you pursuant to the Plans. We shall furnish to the Trustees, for their review on a quarterly basis, a written report of the amounts expended under the Plans and the purposes for which such expenditures were made.

The Plans and provisions of any agreement relating to such Plans must be approved annually by a vote of the Trustees, including the Trustees who are not interested persons of the Trust and who have no financial interest in the Plans or any related agreement ("Disinterested Trustees"). Each Plan may be terminated at any time by the vote of a majority of the Disinterested Trustees, or by a vote of a majority of the outstanding shares as provided in the Plan, on sixty (60) days' written notice, without payment of any penalty. The Plans may also be terminated by any act that terminates the Underwriting Agreement between the Underwriter and the Trust, and/or the management or administration agreement between Franklin Advisers, Inc. and its affiliates and the Trust. Continuation of the Plans is also conditioned on Disinterested Trustees being ultimately responsible for selecting and nominating any new Disinterested Trustees. Under Rule 12b-1, the Trustees have a duty to request and evaluate, and persons who are party to any agreement related to a Plan have a duty to furnish, such information as may reasonably be necessary to an informed determination of whether the Plan or any agreement should be implemented or continued. Under Rule 12b-1, the Trust is permitted to implement or continue Plans or the provisions

of any agreement relating to such Plans from year-to-year only if, based on certain legal considerations, the Trustees are able to conclude that the Plans will benefit each affected Trust Portfolio and class. Absent such yearly determination, the Plans must be terminated as set forth above. In the event of the termination of the Plans for any reason, the provisions of this Schedule F relating to the Plans will also terminate. You agree that your selling agreements with persons or entities through whom you intend to distribute Contracts will provide that compensation paid to such persons or entities may be reduced if a Portfolio's Plan is no longer effective or is no longer applicable to such Portfolio or class of shares available under the Contracts.

Any obligation assumed by the Trust pursuant to this Agreement shall be limited in all cases to the assets of the Trust and no person shall seek satisfaction thereof from shareholders of the Trust. You agree to waive payment of any amounts payable to you by Underwriter under a Plan until such time as the Underwriter has received such fee from the Trust.

The provisions of the Plans shall control over the provisions of the Participation Agreement, including this Schedule F, in the event of any inconsistency.

You agree to provide complete disclosure as required by all applicable statutes, rules and regulations of all rule 12b-1 fees received from us in the prospectus of the Contracts.

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Schedule G

Addresses for Notices

To the Company:	The United States Life Insurance Company In the City of New York 390 Park Avenue New York, New York 10022-4684 Attention: General Counsel
To the Distributor:	American General Equity Services Corporation 2727 Allen Parkway Houston, Texas 77019 Attention: General Counsel
To the Trust:	Franklin Templeton Variable Insurance Products Trust One Franklin Parkway San Mateo, California 94403 Attention: Karen L. Skidmore Assistant Vice President
With a copy to	Murray Simpson, General Counsel
To the Underwriter:	Franklin Templeton Distributors, Inc. One Franklin Parkway San Mateo, California 94403 Attention: Philip J. Kearns, Vice President
With a copy to	Murray Simpson, General Counsel

G

Schedule H

Shared Funding Order

Templeton Variable Products Series Fund, et al.

File No. 812-11698

SECURITIES AND EXCHANGE COMMISSION

Release No. IC-24018

1999 SEC LEXIS 1887

September 17, 1999

ACTION: Notice of application for an amended order of exemption pursuant to Section 6(c) of the Investment Company Act of 1940 (the "1940 Act") from the provisions of Sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) thereunder.

TEXT: Summary of Application: Templeton Variable Products Series Fund (the "Templeton Trust"), Franklin Templeton Variable Insurance Products Trust (formerly Franklin Valuemark Funds) (the "VIP Trust," and together with the Templeton Trust, the "Funds"), Templeton Funds Annuity Company ("TFAC") or any successor to TFAC, and any future open-end investment company for which TFAC or any affiliate is the administrator, sub-administrator, investment manager, adviser, principal underwriter, or sponsor ("Future Funds") seek an amended order of the Commission to (1) add as parties to that order the VIP Trust and any Future Funds and (2) permit shares of the Funds and Future Funds to be issued to and held by qualified pension and retirement plans outside the separate account context.

Applicants: Templeton Variable Products Series Fund, Franklin Templeton Variable Insurance Products Trust, Templeton Funds Annuity Company or any successor to TFAC, and any future open-end investment company for which TFAC or any affiliate is the administrator, sub-administrator, investment manager, adviser, principal underwriter, or sponsor (collectively, the "Applicants").

Filing Date: The application was filed on July 14, 1999, and amended and restated on September 17, 1999.

Hearing or Notification of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Secretary of the Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m., on October 12, 1999, and should be accompanied by proof of service on the Applicants in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Secretary of the Commission.

Addresses: Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, D.C. 20549-0609.

Applicants: Templeton Variable Products Series Fund and Franklin Templeton Variable Insurance Products Trust, 777 Mariners Island Boulevard, San Mateo, California 94404, Attn: Karen L. Skidmore, Esq.

For Further Information Contact: Kevin P. McEnery, Senior Counsel, or Susan M. Olson, Branch Chief, Office of Insurance Products, Division of Investment Management, at (202) 942-0670.

Supplementary Information: The following is a summary of the application. The complete application is available for a fee from the SEC's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549-0102 (tel. (202) 942-8090).

Applicants' Representations:

1. Each of the Funds is registered under the 1940 Act as an open-end management investment company and was organized as a Massachusetts business trust. The Templeton Trust currently consists of eight separate series, and the VIP Trust consists of twenty-five separate series. Each Fund's Declaration of Trust permits the Trustees to create additional series of shares at any time. The Funds currently serve as the underlying investment medium for variable annuity contracts and variable life insurance policies issued by various insurance companies. The Funds have entered into investment management agreements with certain investment managers ("Investment Managers") directly or indirectly owned by Franklin Resources, Inc. ("Resources"), a publicly owned company engaged in the financial services industry through its subsidiaries.

2. TFAC is an indirect, wholly owned subsidiary of Resources. TFAC is the sole insurance company in the Franklin Templeton organization, and specializes in the writing of variable annuity contracts. The Templeton Trust has entered into a Fund Administration Agreement with Franklin Templeton Services, Inc. ("FT Services"), which replaced TFAC in 1998 as administrator, and FT Services subcontracts certain services to TFAC. FT Services also serves as administrator to all series of the VIP Trust. TFAC and FT Services provide certain administrative facilities and services for the VIP and Templeton Trusts.

3. On November 16, 1993, the Commission issued an order granting exemptive relief to permit shares of the Templeton Trust to be sold to and held by variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies (Investment Company Act Release No. 19879, File No. 812-8546) (the "Original Order"). Applicants incorporate by reference into the application the Application for the Original Order and each amendment thereto, the Notice of Application for the Original Order, and the Original Order, to the extent necessary, to supplement the representations made in the application in support of the requested relief. Applicants represent that all of the facts asserted in the Application for the Original Order and any amendments thereto remain true and accurate in all material respects to the extent that such facts are relevant to any relief on which Applicants continue to rely. The Original Order allows the Templeton Trust to offer its shares to insurance companies as the investment vehicle for their separate accounts supporting variable annuity contracts and variable life insurance contracts (collectively, the "Variable Contracts"). Applicants state that the Original Order does not (i) include the VIP Trust or Future Funds as parties, nor (ii) expressly address the sale of shares of the Funds or any Future Funds to qualified pension and retirement plans outside the separate account context including, without limitation, those trusts, plans, accounts, contracts or annuities described in Sections 401(a), 403(a), 403(b), 408(b), 408(k), 414(d), 457(b), 501(c)(18) of the Internal Revenue Code of 1986, as amended (the "Code"), and any other trust, plan, contract, account or annuity that is determined to be within the scope of Treasury Regulation 1.817.5(f)(3)(iii) ("Qualified Plans").

4. Separate accounts owning shares of the Funds and their insurance company depositors are referred to in the application as "Participating Separate Accounts" and "Participating Insurance Companies," respectively. The use of a common management investment company as the underlying investment medium for both variable annuity and variable life insurance separate accounts of a single insurance company (or of two or more affiliated insurance companies) is referred to as "mixed funding." The use of a common management investment company as the underlying investment medium for variable annuity and/or variable life insurance separate accounts of unaffiliated insurance companies is referred to as "shared funding."

Applicants' Legal Analysis:

1. Applicants request that the Commission issue an amended order pursuant to Section 6(c) of the 1940 Act, adding the VIP Trust and Future Funds to the Original Order and exempting scheduled premium variable life insurance separate accounts and flexible premium variable life insurance separate accounts of Participating Insurance Companies (and, to the extent necessary, any principal underwriter and depositor of such an account) and the Applicants from Sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act, and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) (and any comparable rule) thereunder, respectively, to the extent necessary to permit shares of the Funds and any Future Funds to be sold to and held by Qualified Plans. Applicants submit that the exemptions requested are appropriate in the public interest, consistent with the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the 1940 Act.

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2. The Original Order does not include the VIP Trust or Future Funds as parties nor expressly address the sale of shares of the Funds or any Future Funds to Qualified Plans. Applicants propose that the VIP Trust and Future Funds be added as parties to the Original Order and the Funds and any Future Funds be permitted to offer and sell their shares to Qualified Plans.

3. Section 6(c) of the 1940 Act provides, in part, that the Commission, by order upon application, may conditionally or unconditionally exempt any person, security or transaction, or any class or classes of persons, securities or transactions from any provisions of the 1940 Act or the rules or regulations thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

4. In connection with the funding of scheduled premium variable life insurance contracts issued through a separate account registered under the 1940 Act as a unit investment trust ("UIT"), Rule 6e-2(b)(15) provides partial exemptions from various provisions of the 1940 Act, including the following: (1) Section 9(a), which makes it unlawful for certain individuals to act in the capacity of employee, officer, or director for a UIT, by limiting the application of the eligibility restrictions in Section 9(a) to affiliated persons directly participating in the management of a registered management investment company; and (2) Sections 13(a), 15(a) and 15(b) of the 1940 Act to the extent that those sections might be deemed to require "pass-through" voting with respect to an underlying fund's shares, by allowing an insurance company to disregard the voting instructions of contractowners in certain circumstances.

5. These exemptions are available, however, only where the management investment company underlying the separate account (the "underlying fund") offers its shares "exclusively to variable life insurance separate accounts of the life insurer, or of any affiliated life insurance company." Therefore, Rule 6e-2 does not permit either mixed funding or shared funding because the relief granted by Rule 6e-2(b)(15) is not available with respect to a scheduled premium variable life insurance separate account that owns shares of an underlying fund that also offers its shares to a variable annuity or a flexible premium variable life insurance separate account of the same company or of any affiliated life insurance company. Rule 6e-2(b)(15) also does not permit the sale of shares of the underlying fund to Qualified Plans.

6. In connection with flexible premium variable life insurance contracts issued through a separate account registered under the 1940 Act as a UIT, Rule 6e-3(T)(b)(15) also provides partial exemptions from Sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act. These exemptions, however, are available only where the separate account's underlying fund offers its shares "exclusively to separate accounts of the life insurer, or of any affiliated life insurance company, offering either scheduled contracts or flexible contracts, or both; or which also offer their shares to variable annuity separate accounts of the life

insurer or of an affiliated life insurance company." Therefore, Rule 6e-3(T) permits mixed funding but does not permit shared funding and also does not permit the sale of shares of the underlying fund to Qualified Plans. As noted above, the Original Order granted the Templeton Trust exemptive relief to permit mixed and shared funding, but did not expressly address the sale of its shares to Qualified Plans.

7. Applicants note that if the Funds were to sell their shares only to Qualified Plans, exemptive relief under Rule 6e-2 and Rule 6e-3(T) would not be necessary. Applicants state that the relief provided for under Rule 6e-2(b) (15) and Rule 6e-3(T) (b) (15) does not relate to qualified pension and retirement plans or to a registered investment company's ability to sell its shares to such plans.

8. Applicants state that changes in the federal tax law have created the opportunity for each of the Funds to increase its asset base through the sale of its shares to Qualified Plans. Applicants state that Section 817(h) of the Internal Revenue Code of 1986, as amended (the "Code"), imposes certain diversification standards on the assets underlying Variable Contracts. Treasury Regulations generally require that, to meet the diversification requirements, all of the beneficial interests in the underlying investment company must be held by the segregated asset accounts of one or more life insurance companies. Notwithstanding this, Applicants note that the Treasury Regulations also contain an exception to this requirement that permits trustees of a Qualified Plan to hold shares of an investment company, the shares of which are also held by insurance company segregated asset accounts, without adversely affecting the status of the investment company as an adequately diversified underlying investment of Variable Contracts issued through such segregated asset accounts (Treas. Reg. 1.817-5(f) (3) (iii)).

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9. Applicants state that the promulgation of Rules 6e-2(b) (15) and 6e-3(T) (b) (15) under the 1940 Act preceded the issuance of these Treasury Regulations. Thus, Applicants assert that the sale of shares of the same investment company to both separate accounts and Qualified Plans was not contemplated at the time of the adoption of Rules 6e-2(b) (15) and 6e-3(T) (b) (15).

10. Section 9(a) provides that it is unlawful for any company to serve as investment adviser or principal underwriter of any registered open-end investment company if an affiliated person of that company is subject to a disqualification enumerated in Section 9(a) (1) or (2). Rules 6e-2(b) (15) and 6e-3(T) (b) (15) provide exemptions from Section 9(a) under certain circumstances, subject to the limitations on mixed and shared funding. These exemptions limit the application of the eligibility restrictions to affiliated individuals or companies that directly participate in the management of the underlying portfolio investment company.

11. Applicants state that the relief granted in Rule 6e-2(b) (15) and 6e-3(T) (b) (15) from the requirements of Section 9 limits, in effect, the amount of monitoring of an insurer's personnel that would otherwise be necessary to ensure compliance with Section 9 to that which is appropriate in light of the policy and purposes of Section 9. Applicants submit that those Rules recognize that it is not necessary for the protection of investors or the purposes fairly intended by the policy and provisions of the 1940 Act to apply the provisions of Section 9(a) to the many individuals involved in an insurance company complex, most of whom typically will have no involvement in matters pertaining to investment companies funding the separate accounts.

12. Applicants to the Original Order previously requested and received relief from Section 9(a) and Rules 6e-2(b) (15) and 6e-3(T) (b) (15) to the extent necessary to permit mixed and shared funding. Applicants maintain that the relief previously granted from Section 9(a) will in no way be affected by the

proposed sale of shares of the Funds to Qualified Plans. Those individuals who participate in the management or administration of the Funds will remain the same regardless of which Qualified Plans use such Funds. Applicants maintain that more broadly applying the requirements of Section 9(a) because of investment by Qualified Plans would not serve any regulatory purpose. Moreover, Qualified Plans, unlike separate accounts, are not themselves investment companies and therefore are not subject to Section 9 of the 1940 Act.

13. Applicants state that Rules 6e-2(b)(15)(iii) and 6e-3(T)(b)(15)(iii) provide exemptions from the pass-through voting requirement with respect to several significant matters, assuming the limitations on mixed and shared funding are observed. Rules 6e-2(b)(15)(iii)(A) and 6e-3(T)(b)(15)(iii)(A) provide that the insurance company may disregard the voting instructions of its contractowners with respect to the investments of an underlying fund or any contract between a fund and its investment adviser, when required to do so by an insurance regulatory authority (subject to the provisions of paragraphs (b)(5)(i) and (b)(7)(ii)(A) of the Rules). Rules 6e-2(b)(15)(iii)(B) and 6e-3(T)(b)(15)(iii)(A)(2) provide that the insurance company may disregard contractowners' voting instructions if the contractowners initiate any change in such company's investment policies, principal underwriter, or any investment adviser (provided that disregarding such voting instructions is reasonable and subject to the other provisions of paragraphs (b)(5)(ii) and (b)(7)(ii)(B) and (C) of the Rules).

14. Applicants assert that Qualified Plans, which are not registered as investment companies under the 1940 Act, have no requirement to pass-through the voting rights to plan participants. Applicants state that applicable law expressly reserves voting rights to certain specified persons. Under Section 403(a) of the Employment Retirement Income Security Act ("ERISA"), shares of a fund sold to a Qualified Plan must be held by the trustees of the Qualified Plan. Section 403(a) also provides that the trustee(s) must have exclusive authority and discretion to manage and control the Qualified Plan with two exceptions: (1) when the Qualified Plan expressly provides that the trustee(s) are subject to the direction of a named fiduciary who is not a trustee, in which case the trustees are subject to proper directions made in accordance with the terms of the Qualified Plan and not contrary to ERISA; and (2) when the authority to manage, acquire or dispose of assets of the Qualified Plan is delegated to one or more investment managers pursuant to Section 402(c)(3) of ERISA. Unless one of the two above exceptions stated in Section 403(a) applies, Qualified Plan trustees have the exclusive authority and responsibility for voting proxies. Where a named fiduciary to a Qualified Plan appoints an investment manager, the investment manager has the responsibility to vote the shares held unless the right to vote such shares is reserved to the trustees or the named fiduciary. Where a Qualified Plan does not provide participants with the right to give voting instructions, Applicants do not see any potential for material irreconcilable conflicts of interest between or among variable contract holders

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and Qualified Plan investors with respect to voting of the respective Fund's shares. Accordingly, Applicants state that, unlike the case with insurance company separate accounts, the issue of the resolution of material irreconcilable conflicts with respect to voting is not present with respect to such Qualified Plans since the Qualified Plans are not entitled to pass-through voting privileges.

15. Even if a Qualified Plan were to hold a controlling interest in one of the Funds, Applicants believe that such control would not disadvantage other investors in such Fund to any greater extent than is the case when any institutional shareholder holds a majority of the voting securities of any open-end management investment company. In this regard, Applicants submit that investment in a Fund by a Qualified Plan will not create any of the voting complications occasioned by mixed funding or shared funding. Unlike mixed or

shared funding, Qualified Plan investor voting rights cannot be frustrated by veto rights of insurers or state regulators.

16. Applicants state that some of the Qualified Plans, however, may provide for the trustee(s), an investment adviser (or advisers), or another named fiduciary to exercise voting rights in accordance with instructions from participants. Where a Qualified Plan provides participants with the right to give voting instructions, Applicants see no reason to believe that participants in Qualified Plans generally or those in a particular Qualified Plan, either as a single group or in combination with participants in other Qualified Plans, would vote in a manner that would disadvantage Variable Contract holders. In sum, Applicants maintain that the purchase of shares of the Funds by Qualified Plans that provide voting rights does not present any complications not otherwise occasioned by mixed or shared funding.

17. Applicants do not believe that the sale of the shares of the Funds to Qualified Plans will increase the potential for material irreconcilable conflicts of interest between or among different types of investors. In particular, Applicants see very little potential for such conflicts beyond that which would otherwise exist between variable annuity and variable life insurance contractowners.

18. As noted above, Section 817(h) of the Code imposes certain diversification standards on the underlying assets of variable contracts held in an underlying mutual fund. The Code provides that a variable contract shall not be treated as an annuity contract or life insurance, as applicable, for any period (and any subsequent period) for which the investments are not, in accordance with regulations prescribed by the Treasury Department, adequately diversified.

19. Treasury Department Regulations issued under Section 817(h) provide that, in order to meet the statutory diversification requirements, all of the beneficial interests in the investment company must be held by the segregated asset accounts of one or more insurance companies. However, the Regulations contain certain exceptions to this requirement, one of which allows shares in an underlying mutual fund to be held by the trustees of a qualified pension or retirement plan without adversely affecting the ability of shares in the underlying fund also to be held by separate accounts of insurance companies in connection with their variable contracts (Treas. Reg. 1.817-5(f)(3)(iii)). Thus, Applicants believe that the Treasury Regulations specifically permit "qualified pension or retirement plans" and separate accounts to invest in the same underlying fund. For this reason, Applicants have concluded that neither the Code nor the Treasury Regulations or revenue rulings thereunder presents any inherent conflict of interest.

20. Applicants note that while there are differences in the manner in which distributions from Variable Contracts and Qualified Plans are taxed, these differences will have no impact on the Funds. When distributions are to be made, and a Separate Account or Qualified Plan is unable to net purchase payments to make the distributions, the Separate Account and Qualified Plan will redeem shares of the Funds at their respective net asset value in conformity with Rule 22c-1 under the 1940 Act (without the imposition of any sales charge) to provide proceeds to meet distribution needs. A Qualified Plan will make distributions in accordance with the terms of the Qualified Plan.

21. Applicants maintain that it is possible to provide an equitable means of giving voting rights to Participating Separate Account contractowners and to Qualified Plans. In connection with any meeting of shareholders, the Funds will inform each shareholder, including each Participating Insurance Company and Qualified Plan, of information necessary for the meeting, including their respective share of ownership in the relevant Fund. Each Participating Insurance Company will then solicit voting instructions in accordance with Rules 6e-2 and 6e-3(T), as applicable, and its participation agreement with the relevant Fund. Shares held by Qualified Plans will be voted in accordance with applicable law. The voting rights provided to Qualified Plans with respect to shares of the Funds would be no

different from the voting rights that are provided to Qualified Plans with respect to shares of funds sold to the general public.

22. Applicants have concluded that even if there should arise issues with respect to a state insurance commissioner's veto powers over investment objectives where the interests of contractowners and the interests of Qualified Plans are in conflict, the issues can be almost immediately resolved since the trustees of (or participants in) the Qualified Plans can, on their own, redeem the shares out of the Funds. Applicants note that state insurance commissioners have been given the veto power in recognition of the fact that insurance companies usually cannot simply redeem their separate accounts out of one fund and invest in another. Generally, time-consuming, complex transactions must be undertaken to accomplish such redemptions and transfers. Conversely, the trustees of Qualified Plans or the participants in participant-directed Qualified Plans can make the decision quickly and redeem their interest in the Funds and reinvest in another funding vehicle without the same regulatory impediments faced by separate accounts or, as is the case with most Qualified Plans, even hold cash pending suitable investment.

23. Applicants also state that they do not see any greater potential for material irreconcilable conflicts arising between the interests of participants under Qualified Plans and contractowners of Participating Separate Accounts from possible future changes in the federal tax laws than that which already exist between variable annuity contractowners and variable life insurance contractowners.

24. Applicants state that the sale of shares of the Funds to Qualified Plans in addition to separate accounts of Participating Insurance Companies will result in an increased amount of assets available for investment by the Funds. This may benefit variable contractowners by promoting economies of scale, by permitting increased safety of investments through greater diversification, and by making the addition of new portfolios more feasible.

25. Applicants assert that, regardless of the type of shareholders in each Fund, each Fund's Investment Manager is or would be contractually and otherwise obligated to manage the Fund solely and exclusively in accordance with that Fund's investment objectives, policies and restrictions as well as any guidelines established by the Board of Trustees of such Fund (the "Board"). The Investment Manager works with a pool of money and (except in a few instances where this may be required in order to comply with state insurance laws) does not take into account the identity of the shareholders. Thus, each Fund will be managed in the same manner as any other mutual fund. Applicants therefore see no significant legal impediment to permitting the sale of shares of the Funds to Qualified Plans.

26. Applicants state that the Commission has permitted the amendment of a substantially similar original order for the purpose of adding a party to the original order and has permitted open-end management investment companies to offer their shares directly to Qualified Plan in addition to separate accounts of affiliated or unaffiliated insurance companies which issue either or both variable annuity contracts or variable life insurance contracts. Applicants state that the amended order sought in the application is identical to precedent with respect to the conditions Applicants propose should be imposed on Qualified Plans in connection with investment in the Funds.

Applicants' Conditions:

If the requested amended order is granted, Applicants consent to the following conditions:

1. A majority of the Board of each Fund shall consist of persons who are

not "interested persons" thereof, as defined by Section 2(a)(19) of the 1940 Act, and the rules thereunder and as modified by any applicable orders of the Commission, except that if this condition is not met by reason of the death, disqualification or bona fide resignation of any Board Member or Members, then the operation of this condition shall be suspended: (a) for a period of 45 days if the vacancy or vacancies may be filled by the remaining Board Members; (b) for a period of 60 days if a vote of shareholders is required to fill the vacancy or vacancies; or (c) for such longer period as the Commission may prescribe by order upon application.

2. The Board will monitor their respective Fund for the existence of any material irreconcilable conflict among the interests of the Variable Contract owners of all Separate Accounts investing in the Funds and of the Qualified Plan participants investing in the Funds. The Board will determine what action, if any, shall be taken in response to such conflicts. A material irreconcilable conflict may arise for a variety of reasons, including: (a) an action by any state

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insurance regulatory authority; (b) a change in applicable federal or state insurance, tax or securities laws or regulations, or a public ruling, private letter ruling, no-action or interpretive letter, or any similar action by insurance, tax or securities regulatory authorities; (c) an administrative or judicial decision in any relevant proceeding; (d) the manner in which the investments of the Funds are being managed; (e) a difference in voting instructions given by variable annuity contract owners, variable life insurance contract owners, and trustees of Qualified Plans; (f) a decision by an insurer to disregard the voting instructions of Variable Contract owners; or (g) if applicable, a decision by a Qualified Plan to disregard the voting instructions of Qualified Plan participants.

3. Participating Insurance Companies, the Investment Managers, and any Qualified Plan that executes a fund participation agreement upon becoming an owner of 10 percent or more of the assets of an Fund (a "Participating Qualified Plan"), will report any potential or existing conflicts of which it becomes aware to the Board of any relevant Fund. Participating Insurance Companies, the Investment Managers and the Participating Qualified Plans will be responsible for assisting the Board in carrying out its responsibilities under these conditions by providing the Board with all information reasonably necessary for the Board to consider any issues raised. This responsibility includes, but is not limited to, an obligation by each Participating Insurance Company to inform the Board whenever voting instructions of Contract owners are disregarded and, if pass-through voting is applicable, an obligation by each Participating Qualified Plan to inform the Board whenever it has determined to disregard Qualified Plan participant voting instructions. The responsibility to report such information and conflicts, and to assist the Board, will be contractual obligations of all Participating Insurance Companies investing in the Funds under their agreements governing participation in the Funds, and such agreements shall provide that these responsibilities will be carried out with a view only to the interests of the Variable Contract owners. The responsibility to report such information and conflicts, and to assist the Board, will be contractual obligations of all Participating Qualified Plans under their agreements governing participation in the Funds, and such agreements will provide that their responsibilities will be carried out with a view only to the interests of Qualified Plan participants.

4. If it is determined by a majority of the Board of a Fund, or by a majority of the disinterested Board Members, that a material irreconcilable conflict exists, the relevant Participating Insurance Companies and Participating Qualified Plans will, at their own expense and to the extent reasonably practicable as determined by a majority of the disinterested Board Members, take whatever steps are necessary to remedy or eliminate the material irreconcilable conflict, which steps could include: (a) in the case of

Participating Insurance Companies, withdrawing the assets allocable to some or all of the Separate Accounts from the Fund or any portfolio thereof and reinvesting such assets in a different investment medium, including another portfolio of an Fund or another Fund, or submitting the question as to whether such segregation should be implemented to a vote of all affected Variable Contract owners and, as appropriate, segregating the assets of any appropriate group (i.e., variable annuity contract owners or variable life insurance contract owners of one or more Participating Insurance Companies) that votes in favor of such segregation, or offering to the affected Variable Contract owners the option of making such a change; (b) in the case of Participating Qualified Plans, withdrawing the assets allocable to some or all of the Qualified Plans from the Fund and reinvesting such assets in a different investment medium; and (c) establishing a new registered management investment company or managed Separate Account. If a material irreconcilable conflict arises because of a decision by a Participating Insurance Company to disregard Variable Contract owner voting instructions, and that decision represents a minority position or would preclude a majority vote, then the insurer may be required, at the Fund's election, to withdraw the insurer's Separate Account investment in such Fund, and no charge or penalty will be imposed as a result of such withdrawal. If a material irreconcilable conflict arises because of a Participating Qualified Plan's decision to disregard Qualified Plan participant voting instructions, if applicable, and that decision represents minority position or would preclude a majority vote, the Participating Qualified Plan may be required, at the Fund's election, to withdraw its investment in such Fund, and no charge or penalty will be imposed as a result of such withdrawal. The responsibility to take remedial action in the event of a determination by a Board of a material irreconcilable conflict and to bear the cost of such remedial action will be a contractual obligation of all Participating Insurance Companies and Participating Qualified Plans under their agreements governing participation in the Funds, and these responsibilities will be carried out with a view only to the interest of Variable Contract owners and Qualified Plan participants.

5. For purposes of Condition 4, a majority of the disinterested Board Members of the applicable Board will determine whether or not any proposed action adequately remedies any material irreconcilable conflict, but in no event will the relevant Fund or the Investment Managers be required to establish a new funding medium for any Contract. No Participating Insurance Company shall be required by Condition 4 to establish a new funding medium

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for any Variable Contract if any offer to do so has been declined by vote of a majority of the Variable Contract owners materially and adversely affected by the material irreconcilable conflict. Further, no Participating Qualified Plan shall be required by Condition 4 to establish a new funding medium for any Participating Qualified Plan if (a) a majority of Qualified Plan participants materially and adversely affected by the irreconcilable material conflict vote to decline such offer, or (b) pursuant to governing Qualified Plan documents and applicable law, the Participating Qualified Plan makes such decision without a Qualified Plan participant vote.

6. The determination of the Board of the existence of a material irreconcilable conflict and its implications will be made known in writing promptly to all Participating Insurance Companies and Participating Qualified Plans.

7. Participating Insurance Companies will provide pass-through voting privileges to Variable Contract owners who invest in registered Separate Accounts so long as and to the extent that the Commission continues to interpret the 1940 Act as requiring pass-through voting privileges for Variable Contract owners. As to Variable Contracts issued by unregistered Separate Accounts, pass-through voting privileges will be extended to participants to the extent granted by issuing insurance companies. Each Participating Insurance Company will also vote shares of the Funds held in its Separate Accounts for which no

voting instructions from Contract owners are timely received, as well as shares of the Funds which the Participating Insurance Company itself owns, in the same proportion as those shares of the Funds for which voting instructions from contract owners are timely received. Participating Insurance Companies will be responsible for assuring that each of their registered Separate Accounts participating in the Funds calculates voting privileges in a manner consistent with other Participating Insurance Companies. The obligation to calculate voting privileges in a manner consistent with all other registered Separate Accounts investing in the Funds will be a contractual obligation of all Participating Insurance Companies under their agreements governing their participation in the Funds. Each Participating Qualified Plan will vote as required by applicable law and governing Qualified Plan documents.

8. All reports of potential or existing conflicts received by the Board of a Fund and all action by such Board with regard to determining the existence of a conflict, notifying Participating Insurance Companies and Participating Qualified Plans of a conflict, and determining whether any proposed action adequately remedies a conflict, will be properly recorded in the minutes of the meetings of such Board or other appropriate records, and such minutes or other records shall be made available to the Commission upon request.

9. Each Fund will notify all Participating Insurance Companies that separate disclosure in their respective Separate Account prospectuses may be appropriate to advise accounts regarding the potential risks of mixed and shared funding. Each Fund shall disclose in its prospectus that (a) the Fund is intended to be a funding vehicle for variable annuity and variable life insurance contracts offered by various insurance companies and for qualified pension and retirement plans; (b) due to differences of tax treatment and other considerations, the interests of various Contract owners participating in the Fund and/or the interests of Qualified Plans investing in the Fund may at some time be in conflict; and (c) the Board of such Fund will monitor events in order to identify the existence of any material irreconcilable conflicts and to determine what action, if any, should be taken in response to any such conflict.

10. Each Fund will comply with all provisions of the 1940 Act requiring voting by shareholders (which, for these purposes, will be the persons having a voting interest in the shares of the Funds), and, in particular, the Funds will either provide for annual shareholder meetings (except insofar as the Commission may interpret Section 16 of the 1940 Act not to require such meetings) or comply with Section 16(c) of the 1940 Act, although the Funds are not the type of trust described in Section 16(c) of the 1940 Act, as well as with Section 16(a) of the 1940 Act and, if and when applicable, Section 16(b) of the 1940 Act. Further, each Fund will act in accordance with the Commission's interpretation of the requirements of Section 16(a) with respect to periodic elections of Board Members and with whatever rules the Commission may promulgate with respect thereto.

11. If and to the extent Rules 6e-2 or 6e-3(T) under the 1940 Act is amended, or proposed Rule 6e-3 under the 1940 Act is adopted, to provide exemptive relief from any provision of the 1940 Act or the rules promulgated thereunder, with respect to mixed or shared funding on terms and conditions materially different from any exemptions granted in the order requested in the application, then the Funds and/or Participating Insurance Companies and Participating Qualified Plans, as appropriate, shall take such steps as may be necessary to comply with such Rules 6e-2 and 6e-3(T), as amended, or proposed Rule 6e-3, as adopted, to the extent that such Rules are applicable.

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12. The Participating Insurance Companies and Participating Qualified Plans and/or the Investment Managers, at least annually, will submit to the Board such reports, materials or data as the Board may reasonably request so that the Board may fully carry out obligations imposed upon it by the conditions contained in the application. Such reports, materials and data will be submitted

more frequently if deemed appropriate by the Board. The obligations of the Participating Insurance Companies and Participating Qualified Plans to provide these reports, materials and data to the Board, when the Board so reasonably requests, shall be a contractual obligation of all Participating Insurance Companies and Participating Qualified Plans under their agreements governing participation in the Funds.

13. If a Qualified Plan should ever become a holder of ten percent or more of the assets of a Fund, such Qualified Plan will execute a participation agreement with the Fund that includes the conditions set forth herein to the extent applicable. A Qualified Plan will execute an application containing an acknowledgment of this condition upon such Qualified Plan's initial purchase of the shares of any Fund.

Conclusion:

Applicants assert that, for the reasons summarized above, the requested exemptions are appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

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Templeton Variable Products Series Fund, et al.

File No. 812-11698

SECURITIES AND EXCHANGE COMMISSION

Release No. IC-24079

1999 SEC LEXIS 2177

October 13, 1999

ACTION: Order Granting Exemptions

TEXT: Templeton Variable Products Series Fund ("Templeton Trust"), Franklin Templeton Variable Insurance Products Trust ("VIP Trust"), Templeton Funds Annuity Company ("TFAC") or any successor to TFAC, and any future open-end investment company for which TFAC or any affiliate is the administrator, sub-administrator, investment manager, adviser, principal underwriter, or sponsor ("Future Funds") filed an application on July 14, 1999, and an amendment on September 17, 1999 seeking an amended order of the Commission pursuant to Section 6(c) of the Investment Company Act of 1940 ("1940 Act") exempting them from the provisions of Sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act and Rules 6e-2(b)(15) and 6e-3(T)(b)(15). The prior order (Rel. No. IC-19879) granted exemptive relief to permit shares of the Templeton Trust to be sold to and held by variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies. The proposed relief would amend the prior order to add as parties to that order the VIP Trust and any Future Funds and to permit shares of the Templeton Trust, the VIP Trust, and Future Funds to be issued to and held by qualified pension and retirement plans outside the separate account context.

A notice of the filing of the application was issued on September 17, 1999 (Rel. No. IC-24018). The notice gave interested persons an opportunity to request a hearing and stated that an order granting the application would be issued unless a hearing should be ordered. No request for a hearing has been filed, and the Commission has not ordered a hearing.

The matter has been considered, and it is found that granting the requested exemptions is appropriate in the public interest and consistent with the protection of investors and the purposes intended by the policy and provisions of the 1940 Act.

Accordingly,

IT IS ORDERED, pursuant to Section 6(c) of the 1940 Act, that the requested exemptions from Sections 9(a), 13(a), 15(a) and 15(b) of the 1940 Act, and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) thereunder, be, and hereby are, granted, effective forthwith.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

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AMENDED AND RESTATED
ADMINISTRATIVE SERVICES AGREEMENT

THE UNITED STATES LIFE INSURANCE COMPANY IN THE CITY OF NEW YORK ("INSURER") and A I M ADVISORS, INC. ("AIM") (collectively, the "Parties") mutually agree to the arrangements set forth in this Amended and Restated Administrative Services Agreement (the "Agreement") dated as of April 1, 2004.

WHEREAS, AIM is the investment adviser to AIM Variable Insurance Funds (the "Fund"); and

WHEREAS, AIM has entered into an amended Master Administrative Services Agreement, dated July 1, 2003, as amended, with the Fund ("Master Agreement") pursuant to which it has agreed to provide, or arrange to provide, certain administrative services, including such services as may be requested by the Fund's Board of Directors from time to time; and

WHEREAS, INSURER issues variable life insurance policies and/or variable annuity contracts (collectively, the "Contracts"); and

WHEREAS, INSURER has entered into a participation agreement, dated August 31, 1999 ("Participation Agreement") with the Fund, pursuant to which the Fund has agreed to make shares of certain of its portfolios ("Portfolios") available for purchase by one or more of INSURER's separate accounts or divisions thereof (each, a "Separate Account"), in connection with the allocation by Contract owners of purchase payments to corresponding investment options offered under the Contracts; and

WHEREAS, INSURER and AIM expect that the Fund, and its Portfolios, can derive substantial savings in administrative expenses by virtue of having one or more Separate Accounts of INSURER each as a single shareholder of record of Portfolio shares, rather than having numerous public shareholders of such shares; and

WHEREAS, INSURER and AIM expect that the Fund, and its Portfolios, can derive such substantial savings because INSURER performs the administrative services listed on Schedule A hereto for the Fund in connection with the Contracts issued by INSURER; and

WHEREAS, INSURER has no contractual or other legal obligation to perform such administrative services, other than pursuant to this Agreement and the Participation Agreement; and

WHEREAS, INSURER desires to be compensated for providing such administrative services; and

WHEREAS, AIM desires that the Fund benefit from the lower administrative expenses resulting from the administrative services performed by INSURER; and

WHEREAS, AIM desires to retain the administrative services of INSURER and to compensate INSURER for providing such administrative services;

NOW, THEREFORE, the Parties agree as follows:

Section 1. Administrative Services; Payments Therefor.

(a) INSURER shall provide the administrative services set out in Schedule A hereto and made a part hereof, as the same may be amended from time to time. For such services, AIM agrees to pay to INSURER a quarterly fee ("Quarterly Fee") equal to a percentage of the average daily net assets of the Fund attributable to any Contracts issued by INSURER ("INSURER Fund Assets") at the following annual rate:

Annual Rate

_____%

(b) AIM shall calculate the Quarterly Fee at the end of each calendar quarter and will make such payment to INSURER, without demand or notice by INSURER, within 30 days thereafter, in a manner mutually agreed upon by the Parties from time to time.

(c) From time to time, the Parties shall review the Quarterly Fee to determine whether it exceeds or is reasonably expected to exceed the incurred and anticipated costs, over time, of INSURER. The Parties agree to negotiate in good faith a reduction to the Quarterly Fee as necessary to eliminate any such excess or as necessary to reflect a reduction in the fee paid by the Fund to AIM pursuant to the Master Agreement.

Section 2. Nature of Payments.

The Parties to this Agreement recognize and agree that AIM's payments hereunder are for administrative services only and do not constitute payment in any manner for investment advisory services or for costs of distribution of Contracts or of Portfolio shares, and are not otherwise related to investment advisory or distribution services or expenses. INSURER represents and warrants that the fees to be paid by AIM for services to be rendered by INSURER pursuant to the terms of this Agreement are to compensate the INSURER for providing administrative services to the Fund, and are not designed to reimburse or compensate INSURER for providing administrative services with respect to the Contracts or any Separate Account.

Section 3. Term and Termination.

Any Party may terminate this Agreement, without penalty, on 60 days written notice to the other Party. Unless so terminated, this Agreement shall continue in effect for so long as AIM or its

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successor(s) in interest, or any affiliate thereof, continues to perform in a similar capacity for the Fund, and for so long as INSURER provides the services contemplated hereunder with respect to Contracts under which values or monies are allocated to a Portfolio.

Section 4. Amendment.

This Agreement may be amended upon mutual agreement of the Parties in writing.

Section 5. Notices.

All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered

The United States Life Insurance Company in the City of New York
2929 Allen Parkway
Houston, Texas 77019
Attention: Lauren Jones, Esquire

A I M Advisors, Inc.
11 Greenway Plaza, Suite 100
Houston, Texas 77046
Attention: Peter Davidson, Esquire

Section 6. Miscellaneous.

(a) Successors and Assigns. This Agreement shall be binding upon the Parties and their transferees, successors and assigns. The benefits of and the right to enforce this Agreement shall accrue to the Parties and their transferees, successors and assigns.

(b) Assignment. Neither this Agreement nor any of the rights, obligations or liabilities of any Party hereto shall be assigned without the written consent of the other Party.

(c) Intended Beneficiaries. Nothing in this Agreement shall be construed to give any person or entity other than the Parties, as well as the Fund, any legal or equitable claim, right or remedy. Rather, this Agreement is intended to be for the sole and exclusive benefit of the Parties, as well as the Fund.

(d) Counterparts. This Agreement may be executed in counterparts, each

of which shall be deemed an original but all of which shall together constitute one and the same instrument.

(e) Applicable Law. This Agreement shall be interpreted, construed, and enforced in accordance with the laws of the State of Delaware without reference to the conflict of law principles thereof.

(f) Severability. If any portion of this Agreement shall be found to be invalid or unenforceable by a court or tribunal or regulatory agency of competent jurisdiction, the remainder shall not be affected thereby, but shall have the same force and effect as if the invalid or unenforceable portion had not been inserted.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date of first above written.

THE UNITED STATES LIFE INSURANCE COMPANY IN
THE CITY OF NEW YORK

By: _____

Title: _____

A I M ADVISORS, INC.

By: _____

Title: _____

[Corporate Seal]

Attest: _____

The United States Life Insurance
Company in the City of New York

Name: _____

Title: _____

ADMINISTRATIVE SERVICES FOR
AIM VARIABLE INSURANCE FUNDS

INSURER shall provide certain administrative services respecting the operations of the Fund, as set forth below. This Schedule, which may be amended from time to time as mutually agreed upon by INSURER and AIM, constitutes an integral part of the Agreement to which it is attached. Capitalized terms used herein shall, unless otherwise noted, have the same meaning as the defined terms in the Agreement to which this Schedule relates.

A. Records of Portfolio Share Transactions; Miscellaneous Records

1. INSURER shall maintain master accounts with the Fund, on behalf of each Portfolio, which accounts shall bear the name of INSURER as the record owner of Portfolio shares on behalf of each Separate Account investing in the Portfolio.

2. INSURER shall maintain a daily journal setting out the number of shares of each Portfolio purchased, redeemed or exchanged by Contract owners each day, as well as the net purchase or redemption orders for Portfolio shares submitted each day, to assist AIM, the Fund and/or the Fund's transfer agent in tracking and recording Portfolio share transactions, and to facilitate the computation of each Portfolio's net asset value per share. INSURER shall promptly provide AIM, the Fund, and the Fund's transfer agent with a copy of such journal entries or information appearing thereon in such format as may be reasonably requested from time to time. INSURER shall provide such other assistance to AIM, the Fund, and the Fund's transfer agent as may be necessary to cause various Portfolio share transactions effected by Contract owners to be properly reflected on the books and records of the Fund.

3. In addition to the foregoing records, and without limitation, INSURER shall maintain and preserve all records as required by law to be maintained and preserved in connection with providing administrative services hereunder.

B. Order Placement and Payment

1. INSURER shall determine the net amount to be transmitted to the Separate Accounts as a result of redemptions of each Portfolio's shares based on Contract owner redemption requests and shall disburse or credit to the Separate Accounts all proceeds of redemptions of Portfolio shares. INSURER shall notify the Fund of the cash required to meet redemption payments.

2. INSURER shall determine the net amount to be transmitted to the Fund as a result of purchases of Portfolio shares based on Contract owner purchase payments and transfers allocated to the Separate Accounts investing in each Portfolio. INSURER shall transmit net purchase payments to the Fund's custodian.

C. Accounting Services

INSURER shall perform miscellaneous accounting services as may be reasonably requested from time to time by AIM, which services shall relate to the business contemplated by the Participation Agreement between INSURER and the Fund, as amended from time to time. Such services shall include, without limitation, periodic reconciliation and balancing of INSURER's books and records with those of the Fund with respect to such matters as cash accounts, Portfolio share purchase and redemption orders placed with the Fund, dividend and distribution payments by the Fund, and such other accounting matters that may arise from time to time in connection with the operations of the Fund as related to the business contemplated by the Participation Agreement.

D. Reports

INSURER acknowledges that AIM may, from time to time, be called upon by the Fund's Board of Trustees ("Board"), to provide various types of information pertaining to the operations of the Fund and related matters, and that AIM also may, from time to time, decide to provide such information to the Board in its own discretion. Accordingly, INSURER agrees to provide AIM with such assistance as AIM may reasonably request so that AIM can report such information to the Fund's Board in a timely manner. INSURER acknowledges that such information and assistance shall be in addition to the information and assistance required of INSURER pursuant to the Fund's mixed and shared funding SEC exemptive order, described in the Participation Agreement.

INSURER further agrees to provide AIM with such assistance as AIM may reasonably request with respect to the preparation and submission of reports and other documents pertaining to the Fund to appropriate regulatory bodies and third party reporting services.

E. Fund-related Contract Owner Services

INSURER agrees to print and distribute, in a timely manner, prospectuses, statements of additional information, supplements thereto, periodic reports and any other materials of the Fund required by law or otherwise to be given to its shareholders, including, without limitation, Contract owners investing in Portfolio shares. INSURER further agrees to provide telephonic support for Contract owners, including, without limitation, advice with respect to inquiries about the Fund and each Portfolio thereof (not including information about performance or related to sales), communicating with Contract owners about Fund (and Separate Account) performance, and assisting with proxy solicitations, specifically with respect to soliciting voting instructions from Contract owners.

F. Miscellaneous Services

INSURER shall provide such other administrative support to the Fund as mutually agreed between INSURER and AIM or the Fund from time to time. INSURER shall, from time to time, relieve the Fund of other usual or incidental administration services of the type ordinarily borne by mutual funds that offer shares to individual members of the general public.

AMENDMENT NO. 2 TO
AGREEMENT WITH RESPECT TO
TRADEMARKS AND FUND NAMES

The Agreement with Respect To Trademarks and Fund Names (the "Agreement"), between A I M Management Group Inc., an affiliate of AIM Variable Insurance Funds, A I M Distributors, Inc., The United States Life Insurance Company in the City of New York and American General Equity Services Corporation (the "Parties") is hereby amended as follows. All capitalized terms not otherwise defined in this Amendment, shall have the same meaning as described in the Agreement.

WHEREAS, the Parties desire to amend Schedule A of the Agreement to address a logo change.

NOW, THEREFORE, in consideration of their mutual promises, the Parties agree as follows:

Schedule A of the Agreement is hereby deleted in its entirety and replaced with the attached Schedule A.

All other terms and provisions of the Agreement not amended herein shall remain in full force and effect.

Effective: _____, 2004

A I M MANAGEMENT GROUP INC.

Attest: _____
Name:
Title:

By: _____
Name:
Title:

AIM VARIABLE INSURANCE FUNDS

Attest: _____
Name:
Title:

By: _____
Name:
Title:

A I M DISTRIBUTORS, INC.

Attest: _____ By: _____

Name: -----

Title: -----

Name: -----

Title: -----

THE UNITED STATES LIFE INSURANCE
COMPANY IN THE CITY OF NEW YORK

[CORPORATE SEAL]

Attest: -----
Name: -----

Title: -----

By: -----
Name: -----

Title: -----

AMERICAN GENERAL EQUITY SERVICES
CORPORATION

[CORPORATE SEAL]

Attest: -----
Name: -----

Title: -----

By: -----
Name: -----

Title: -----

SCHEDULE A

Logo Colors

[LOGO OF AIM]

One Color - both the box and the word Investments print black with a white Chevron and White AIM inside the box.

[LOGO OF AIM]

Two Colors - in printed versions of the logo, the preferred usage is always two color reproduction. The box prints in PMS 356 Green with Chevron and AIM white and with the word Investments printing Black.

Four Color Process - the box prints Cyan 100% Magenta 0%, Yellow 100%, Black 20% to simulate PMS 356 Green. The word Investments prints solid

black.

[Date]

The United States Life Insurance Company in the City of New York
390 Park Avenue
New York, N.Y. 10022-4684

Attn: David J. Dietz

Dear Mr. Dietz,

Reference is hereby made to the Participation Agreement, dated October 2, 2000 (the "Participation Agreement"), between The United States Life Insurance Company in the City of New York ("Insurance Company") and J.P. Morgan Series Trust II (the "Fund"). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in the Participation Agreement. In connection therewith, J.P. Morgan Investment Management Inc., investment adviser to the Fund (the "Investment Adviser"), and Insurance Company hereby agree as follows:

1. Indemnification. The Investment Adviser agrees to indemnify and hold harmless Insurance Company and each of its directors, officers, employees, agents and each person, if any, who controls Insurance Company within the meaning of the 1933 Act (collectively, The "Indemnified Parties") against any and all losses, claims, damages or liabilities joint or several (including any investigative, legal and other expenses reasonably incurred in connection with, and any amounts paid in settlement of, any action, suit or proceeding or any claim asserted) to which the Indemnified Parties may become subject, under the 1933 Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof):

(1) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement or Prospectus or sales literature or advertisements of the Fund;

(2) arise out of or are based upon the omission or alleged omission to state in the registration statement or Prospectus or sales literature or advertisements of the Fund any material fact required to be stated therein or necessary to make the statements therein not misleading;

(3) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement, Prospectus, sales literature or advertisements with respect to the Separate Account or the Contracts and such statements were based on information provided to Insurance Company by the Fund or the Investment Adviser; or

(4) arise as a result of any failure by the Fund to provide the services and

furnish the materials provided for in the Participation Agreement, including a failure to comply with the

diversification requirements of Section 817(h) of the Code or to qualify as a regulated investment company under Subchapter M of the Code;

provided, however, that with respect to clauses (1), (2) and (3) above, the Investment Adviser will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or omission or alleged omission made in such Registration Statement, Prospectus, sales literature or advertisements in conformity with written information furnished to the Fund or the Investment Adviser by Insurance Company specifically for use therein.

The Investment Adviser shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation incurred or assessed against an Indemnified Party which arise from such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations and duties under the Participation Agreement. In addition, the Investment Adviser shall not be liable for special, consequential or incidental damages to any Indemnified Party.

2. Participation Agreement. The provisions set forth above are subject to the terms and conditions of the Participation Agreement, including, without limitation, Section 9.4 thereof.

3. Amendment. This letter agreement may be amended only upon mutual agreement of the parties hereto in writing.

4. Counterparts. This letter may be executed in counterparts, each of which will be deemed an original but all of which will together constitute one and the same instrument.

If this letter agreement is consistent with your understanding of the matters discussed therein, please sign below and return a signed copy of us.

Very truly yours,

J. P. MORGAN INVESTMENT MANAGEMENT INC.

By:

Name
Title

ACKNOWLEDGED AND AGREED:

THE UNITED STATES LIFE INSURANCE COMPANY
IN THE CITY OF NEW YORK

By:

Name

Title

ADMINISTRATIVE SERVICES AGREEMENT

BY AND BETWEEN

THE UNITED STATES LIFE INSURANCE COMPANY

IN THE CITY OF NEW YORK

AND

AMERICAN GENERAL LIFE COMPANIES

THIS ADMINISTRATIVE SERVICES AGREEMENT (the "Agreement") made March 25, 2004 to be effective as of February 1, 2004 (the "Effective Date") is by and between THE UNITED STATES LIFE INSURANCE COMPANY IN THE CITY OF NEW YORK ("USL"), a New York domiciled life insurance company, and AMERICAN GENERAL LIFE COMPANIES ("AGLC"), a corporation organized pursuant to the laws of Delaware with its principal place of business in Houston, Texas and formerly known as American General Independent Producer Division.

RECITALS

WHEREAS, USL is a wholly-owned indirect subsidiary of AMERICAN INTERNATIONAL GROUP, INC. ("AIG"), a Delaware corporation;

WHEREAS, AGLC is a wholly-owned indirect subsidiary of AIG; and currently has employees in Houston, Texas; Dallas, Texas; Neptune, New Jersey; Chicago, Illinois; Milwaukee, Wisconsin; New York, New York; Syracuse, New York; and Springfield, Illinois;

WHEREAS, USL and AGLC are affiliates under the ultimate common control of AIG pursuant to New York Insurance Law Section 1501;

WHEREAS, AGLC was formed to provide administrative and other services to affiliated companies to attain synergies and expense savings;

WHEREAS, USL desires AGLC to perform certain administrative and other services as set out below (the "Services") on behalf of USL and with respect to its insurance business and operations;

WHEREAS, USL and AGLC contemplate that such an arrangement will achieve certain operating economies and improve services to the benefit of USL and USL's insureds;

WHEREAS, USL and AGLC wish to identify the respective Services to be provided to

USL by AGLC and to provide a method for identifying the charges to be assessed against USL and compensation to be paid to AGLC with respect to the Services; and

WHEREAS, USL and AGLC wish to assure that all charges for the services are reasonable and in accordance with the applicable laws and regulations of the State of New York, including, without limitation, the New York Insurance Department Regulation No. 33, and to the extent practicable, reflect reasonable costs and are determined in a fair and equitable manner.

NOW, THEREFORE, in consideration of the premises and of the mutual promises set forth herein, and intending to be legally bound hereby, USL and AGLC agree as follows:

1. SERVICES TO BE PROVIDED BY AGLC TO USL. Subject to the terms, conditions, and limitations of this Agreement, AGLC shall, at USL's request and direction, provide to USL the following services:
 - (a) DISTRIBUTION/PRODUCER MANAGEMENT. AGLC shall provide administrative services relating to general agents and other producers (collectively, "Producers") including: (i) recruiting Producers for appointment by USL; (ii) providing general administrative and managerial services to Producers in order to assist Producers in the sale of USL products; (iii) assisting with due diligence investigations of USL Producers and Producer practices; (iv) developing alternative compensation, benefits and financing plans for Producers; (v) administering Producer licenses, contracts and compensation and maintaining a computer database reporting license and contract statuses; (vi) providing payroll services, including the calculation of commissions for Producers and the generation and delivery of a single commission check containing commissions generated by affiliate sales. As commissions become due, USL will transfer commission monies into an AGLC bank account and the amount of commission paid by USL will be delineated to the Producer; (vii) planning Producer conferences in accordance with New York Insurance Law Section 4228; (viii) supporting general agency communications; and (ix) designing and assisting in implementation of training programs, including ones related to product features, insurance industry developments, legal compliance requirements, and the ramifications of USL membership in the Insurance Marketplace Standards Association.
 - (b) MARKETING SUPPORT/PRODUCT DEVELOPMENT AND ADMINISTRATION. With the exception of all fixed annuity products issued by or assumed by USL prior to the effective date of this Agreement or issued by USL after the effective date of this Agreement (hereinafter referred to as "all USL fixed annuity products"), AGLC shall provide administrative services relating to marketing support and product development and administration with respect to insurance and variable annuity products, individual and group,

and registered and non-registered, including: (i) conducting formal insurance market research; (ii) developing and designing new products and obtaining regulatory approvals for

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such products; (iii) developing illustration and sales materials; (iv) providing case design underwriting services; (v) evaluating product performance based on production, expense, persistency, investment and mortality levels; and (vi) maintaining sales illustration, advertising materials and re-projection software which are compliant with New York Insurance Law Section 3209 and New York Insurance Regulation 74 and maintained in accordance with New York Insurance Regulation 152.

- (c) REINSURANCE AND UNDERWRITING. AGLC shall: (i) advise with respect to reinsurance retention limits; (ii) provide advice and support with respect to the negotiation of reinsurance treaties; (iii) provide advice and support with respect to the management of reinsurer relationships; (iv) provide analyses of underwriting standards; (v) assist and advise in the development of appropriate underwriting standards; (vi) distribute to corporate employers and/or agents underwriting guidelines applicable to corporate executive benefit products; (vii) review insurance, variable annuity and corporate executive benefit applications for conformity with underwriting criteria; (viii) perform all underwriting pertaining to those applications; (ix) prepare and maintain life insurance binder agreements related to corporate executive benefit products; and (x) designate as ready for issue all insurance, variable annuity and corporate executive benefit applications which clearly fall within underwriting criteria. AGLC expressly understands that all underwriting decisions shall ultimately be the responsibility of USL and subject to the control and direction of USL.
- (d) POLICYOWNER AND CONTRACT HOLDER SERVICES. With the exception of all USL fixed annuity products, AGLC shall provide administrative policyowner and contract holder ("Customer") services including: (i) receiving and processing insurance (including variable universal life), annuity and corporate executive benefit product applications, amendments and riders, physically generating the related insurance policies, annuity contracts, amendments and riders on USL paper, and transmitting all such USL policies, amendments and riders to Customers on USL stationery; (ii) maintaining computerized and hard copy files relating to insurance policies, annuity contracts and corporate executive benefit products consistent with New York Insurance Department Regulation 152; (iii) billing Customers; (iv)

preparing and updating Customer payment records to reflect premiums and annuity considerations paid to USL and initially received by Chase National Bank ("Chase") or another financial institution of USL's choice pursuant to lockbox agreements among Chase (or other financial institution), USL and AGLC as contemplated in Section 1.(f) below; (v) handling Customer tax issues such as processing requests related to IRA rollovers; and (vi) administering requested policy modifications consistent with underwriting guidelines subject to the control and direction of USL. At all times that AGLC is providing the above Customer services, it shall answer all telephone inquiries as USL and when making communications with Customers in writing, such communications shall be on USL stationery.

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- (e) SAFEGUARDING CUSTOMER INFORMATION. AGLC shall implement and maintain appropriate measures designed to meet the objectives of Department Regulation No. 173, with respect to safeguarding USL's customer information and customer information systems. AGLC shall adjust its information security program at the request of USL for any relevant changes dictated by USL's assessment of risk around its customer information and customer information systems. Confirming evidence that AGLC has satisfied its obligations under this agreement shall be made available, during normal business hours, for inspection by USL, anyone authorized by USL, and any governmental agency that has regulatory authority over USL's business activities.
- (f) CLAIMS PROCESSING AND PAYMENT. With the exception of all USL fixed annuity products, AGLC shall process claims, contestable and non-contestable. AGLC will pay insurance and annuity benefits with a check drawn on an USL bank account. At all times that AGLC is providing claims processing and payment services, AGLC will answer all telephone inquiries as USL and will use USL stationery when communicating in writing with respect to a claim. AGLC expressly understands that all claims decisions shall ultimately be the responsibility of USL and subject to the control and direction of USL. AGLC will comply with all applicable licensing requirements.
- (g) ACTUARIAL/FINANCIAL SERVICES. With the exception of all USL fixed annuity products (i) AGLC shall provide actuarial and financial services, including: (a) preparing actuarial reports, opinions and memoranda and assisting with asset/liability management and cash flow testing which will be provided in hard copy annually; (b) conducting product experience studies which will be provided in hard copy as required; (c) preparing reserve calculations and valuations which will be provided in hard copy

annually; (d) assisting in the development of budgets and business plans which will be provided in hard copy annually; (e) preparation of books of account including general ledgers, transaction registers and trial balances which will be reviewed for accuracy by USL and provided in hard copy quarterly; (f) preparing financial statements and reports, including, annual and quarterly financial statements on both statutory and generally accepted accounting principles ("GAAP") bases which will be provided in hard copy; (g) preparing and disseminating filings with regulatory entities and rating agencies which will be provided in hard copy as required; (h) developing financial models which will be provided in hard copy as required; (i) analyzing capitalization level issues; (j) arranging for one or more lockboxes owned and controlled by USL at a financial institution of USL's choice to receive premiums or annuity considerations paid to USL; (k) inputting into Customer records information related to premiums or annuity considerations sent to the financial institution lockbox, provided that USL verifies that all such information is accurate and properly reflected in USL's records; and;

(ii) arranging for bank accounts in the name and control of USL and processing receipts and disbursements subject to the direction and control of USL.

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Notwithstanding the foregoing, USL shall maintain its cash concentration account in New York. AGLC will provide USL at USL's principal office in New York, New York computer access to the electronic system that generates the electronic records with respect to USL's business. Computer access to the electronic data media used to maintain the accounting records relating to USL business will be readily available, easily accessible and in a readable format during all normal business hours. AGLC will maintain format integrity and compatibility of the electronic records to insure such records which constitute the accounting records relating to USL's business are current and accessible. USL shall verify that all accounting transactions are accurately prepared and reflected in USL's records. This shall be accomplished through reconciliations of bank and other accounting records provided by AGLC to USL and by review of general ledgers.

(h) INFORMATION/TECHNOLOGY. With the exception of all USL fixed annuity products, AGLC shall provide administrative services relating to information technology, including: (i) developing data processing systems strategy; (ii) implementing systems strategy; (iii) programming computers; (iv) providing data

center services including maintenance and support of mainframe and distribution process hardware and software; (v) managing voice communication systems; (vi) managing data communications; and (vii) providing data security. AGLC shall maintain an effective disaster recovery program to recover USL's data in the event of the loss of the physical data center, including daily or periodic backup as needed. If the electronic data system being used to maintain the records which comprise the book of accounts of USL is to be replaced by a system incompatible with the existing system, AGLC will convert all pre-existing data to a format compatible with the new system.

- (i) GENERAL SERVICES. With the exception of all USL fixed annuity products, AGLC shall provide the following general administrative services as to USL purchases and other transactions: (i) performing document control and production of standardized company forms; (ii) arranging for warehouse storage space; (iii) distributing warehoused standardized forms and other materials; (iv) arranging for travel services; (v) providing management systems support; (vi) arranging for commercial real estate brokerage services for the acquisition or disposition of office space; (vii) arranging for space programming, design, architectural, construction, environmental, and property management services; (viii) providing representation on the American General Purchasing Committee and participating in national purchasing agreements; (ix) providing standardized systems for purchasing; accounts payable; and fixed asset management for office furniture, fixtures, equipment or supplies; and (x) administering the lease, purchase, or sale of company automobiles.
- (j) REGISTERED AND NON-REGISTERED PRODUCT SERVICES. With respect to: (i) the development, sale and servicing of products of USL that are registered with the Securities and Exchange Commission (the "SEC") as well as to "private placement" products which are not registered with the SEC; and (ii)

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the administration of the SEC-registered and unregistered separate accounts of USL, AGLC shall provide in addition to all any and services described above, all related legal, accounting, including daily pricing of the underlying divisions of the Separate Account and preparation of the statutory and GAAP financial statements, computer support and transfer agent services.

- (k) LEGAL SERVICES. With the exception of all USL fixed annuity products, AGLC shall provide Legal Services, including: (i)

providing general advice and counsel with respect to applicable state and federal legal requirements; (ii) assisting with dispute resolution, including litigation; (iii) managing outside counsel retained for the purpose of the prosecution, defense or resolution of legal matters including litigation; (iv) representing or serving as an advocate for USL in conjunction with all legal matters; (v) providing tax advice and counsel; and (vi) providing such other Legal Services as are reasonably required or requested by USL.

- (l) CONSUMER COMPLAINTS. With the exception of all USL fixed annuity products, AGLC shall provide customer services including responding to customer complaints and inquiries by letter or telephone. At all times that AGLC is providing such customer services, it shall answer all telephone inquiries as USL and when making communications in writing, such communications shall be on USL stationary.
- (m) HUMAN RESOURCES. AGLC shall provide services including; (i) general employee communications; (ii) employee training; and (iii) employee benefit and personnel administration.
- (n) ADMINISTRATIVE SERVICES. With the exception of all USL fixed annuity products, AGLC will provide administrative services necessary to the conduct of the services provided under this agreement.

2. PERFORMANCE OF SERVICES. The performance of services by AGLC with respect to the business and operations of USL shall at all times be subject to the direction and control of the Board of Directors of USL. Subject to the terms, conditions and limitations of this Agreement, AGLC agrees to perform diligently and in a professional manner the services set forth in Section 1 of this Agreement, and such other directly related incidental services as USL determines to be reasonably necessary in the conduct of its insurance operations. AGLC agrees that it will obtain all licenses necessary for the performance of services pursuant to the Agreement.

- (a) CAPACITY OF PERSONNEL. Whenever AGLC utilizes its personnel to perform services for USL pursuant to this Agreement, such personnel shall at all times be subject to the direction and control of AGLC, and USL shall not have liability to such personnel for their welfare, salaries or fringe benefits or for legally required employer contributions or tax obligations with respect to such personnel.

- (b) EXERCISE OF JUDGMENT IN RENDERING SERVICES. In providing any

service hereunder which requires the exercise of judgment by AGLC, AGLC shall perform its services in accordance with written standards, guidelines and procedures USL develops, as appropriate, and communicates to AGLC. In performing any services hereunder, AGLC shall at all times act in a manner reasonably calculated to be in, or not opposed to, the best interests of USL.

(c) CONTROL. The performance of services by AGLC for USL pursuant to this Agreement shall in no way impair the absolute control of the business and operations of USL or AGLC by their respective Board of Directors. AGLC and USL shall act hereunder so as to assure the separate operating identity of USL.

3. CHARGES FOR SERVICES. USL agrees to reimburse AGLC for the Services provided by AGLC pursuant to this Agreement at cost, consistent with generally accepted accounting principles consistently applied. No services rendered by AGLC shall be duplicative of any services performed by or provided to USL by any other affiliate.

Determination by AGLC of charges hereunder shall be presented to USL, and if USL objects to such determination, it shall so advise AGLC within thirty (30) days of receipt of notice of such determination. Unless the parties can reconcile any such objection, they shall agree to the selection of a firm of independent certified public accountants which shall then determine the charges properly allocable to USL and shall, within a reasonable time, submit such determination, together with the basis therefore, in writing to AGLC and USL, whereupon such determination shall be binding. The expenses of such a determination by a firm of independent certified public accountants shall be borne equally by AGLC and USL.

4. PAYMENT OF CHARGES. Within thirty (30) days after the end of each calendar month, AGLC shall submit to USL a written statement of the charges due from USL to AGLC for the services rendered and facilities used during the preceding calendar month, including charges not included in previous statements. All amounts due shall be paid within ten (10) days following receipt of such statement. The amount transferred by USL to AGLC shall be a net payment taking into account any amounts owed by AGLC to USL during the calendar month provided, however, that the amount of, and the transactions giving rise to, such net payment shall be evidenced by appropriate documentation and records.

5. USE OF FACILITIES. Subject to the terms, conditions and limitations of this Agreement, AGLC agrees to make available to USL such of its facilities (whether leased or owned) as USL may determine to be reasonably necessary to conduct its insurance operations, including data processing equipment, business property and communications equipment. Charges for such use shall be at cost consistent with generally accepted accounting principles consistently applied. Notwithstanding the foregoing, none of the facilities used by AGLC employees in performing

transferred, assigned or otherwise conveyed to USL as a result of any performance or use pursuant to this Agreement.

6. SERVICES-RELATED ACCOUNTING RECORDS AND DOCUMENTS. AGLC shall be responsible for maintaining full and accurate accounts and records of the services rendered by AGLC and other additional information as USL may reasonably request for purposes of its internal bookkeeping and accounting operations. To the extent such accounts and records pertain to AGLC's computation of charges, AGLC shall keep such accounts and records available at its home offices for audit, inspection and copying during reasonable business hours by USL, persons authorized by USL or appropriate governmental agencies. USL and AGLC agree that records and documents will be maintained consistent with New York Insurance Department Regulation 152 entitled "General Records and Documents."
7. GENERAL RECORDS AND DOCUMENTS. Other books, records and files established and maintained by AGLC with respect to its performance of services under this Agreement which, absent this Agreement, would have been held by USL, shall be deemed the property of USL and shall be subject to examination during reasonable business hours by USL, person authorized by USL or appropriate governmental agencies. USL and AGLC agree that such records and documents will be maintained consistent with New York Insurance Department Regulation 152 entitled "General Records and Documents."
8. RIGHT TO CONTRACT WITH THIRD PARTIES. Nothing herein shall be deemed to grant AGLC an exclusive right to provide services to USL, and USL retains the right to contract with any affiliate or unaffiliated third party for the performance of services and/or for the use of facilities, as are available to or have been requested by USL pursuant to this Agreement.
9. DISCLOSURE OF PROPRIETARY INFORMATION. USL and AGLC acknowledge that during the course of the relationship established by this Agreement each of them will be exposed to the confidential and proprietary information of the other party (the "Confidential Information"). Each party agrees to take all reasonable measures to prevent the Confidential Information from being acquired by unauthorized persons to the same extent that it protects its own confidential and proprietary information and will not disclose the Confidential Information to third parties, except as mandated by law, without the prior written consent of the other party. This provisions survives the termination of this Agreement pursuant to paragraph 11 of this Agreement.
10. INDEMNIFICATION. Both USL and AGLC have a duty to be aware of and comply

with all laws and regulations which may affect the parties' performance of the terms of this Agreement. Both parties agree to comply with all such laws and regulations.

- (a) AGLC agrees to indemnify and hold USL harmless against all civil liability or regulatory penalty, including attorneys' fees and costs of investigation and defense incident thereto, arising as a result of errors, omissions, negligence,

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misrepresentation, fault or wrongful action of AGLC, its affiliates, agents, or any officer, director or employee of AGLC or its affiliates or agents, including, but not limited to, failure to comply with any applicable federal or state law or regulation, administrative rule or regulation, in the performance of obligations hereunder.

- (b) USL agrees to indemnify and hold AGLC harmless against all civil liability or regulatory penalty, including attorneys' fees and costs of investigation and defense incident thereto, arising as a result of errors, omissions, negligence, misrepresentation, fault or wrongful action of USL, its affiliates, agents, or any officer or director of USL or said affiliates or agents, including, but not limited to, failure to comply with any applicable federal or state law or regulation, administrative rule or regulation, in the performance of obligations hereunder.

11. TERMINATION.

- (a) This Agreement shall remain in effect until terminated by AGLC or USL upon giving sixty (60) days or more advance written notice, unless both parties agree in writing to a shorter advance notice period.
- (b) Upon termination of this Agreement, and subject to the terms (including any limitations and restrictions) of any applicable software or hardware licensing agreement then in effect between AGLC and any licensor, AGLC shall grant to USL a license for any software developed or used by AGLC in connection with the services provided to USL hereunder; provided, however, that such software is not commercially available and is necessary, in USL's reasonable judgment, for USL's performance of the functions which have been provided by AGLC hereunder.
- (c) Upon termination, AGLC shall promptly deliver to USL all books and records that are, or are deemed by this Agreement to be, the property of USL.

(d) No later than ninety (90) days after the effective date of termination of this Agreement, AGLC shall deliver to USL a detailed written statement of the respective charges incurred and not included in any previous statement. The amount owed hereunder shall be due and payable within thirty (30) days of receipt of such statement.

12. ASSIGNMENT. Except as provided below, this Agreement and any rights pursuant hereto shall be assignable only upon the written consent of the New York State Insurance Department and all of the parties hereto. Except as and to the extent specifically provided in this Agreement, nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto, or their respective legal successors, any rights, remedies, obligations, or liabilities, or to relieve any person other than the parties hereto or their respective legal successors, from any obligations or liabilities that would otherwise be applicable.

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13. ARBITRATION. Any unresolved dispute or difference between the parties arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Association and the Expedited Procedures thereof. The award rendered by the Arbitrator shall be final and binding upon the parties, and judgment upon the award rendered by the Arbitrator may be entered in any Court of competent jurisdiction. The arbitration shall take place in New York and the substantive law of New York shall apply in such proceedings.

14. NOTICE. All notices, statements or requests provided for hereunder shall be deemed to have been duly given when delivered by hand to an officer of the other party, or when deposited with the U.S. Postal Service, vial first-class certified or registered mail, with postage prepaid, or when delivered by overnight courier service, telex or telecopier, addressed as follows:

If to USL:

THE UNITED STATES LIFE INSURANCE COMPANY
IN THE CITY OF NEW YORK
390 Park Avenue
New York, NY 10022
Attention: President

If to AGLC:

AMERICAN GENERAL LIFE COMPANIES
2727-A Allen Parkway

[Seal]

Attest: /s/

Secretary

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Post-Effective Amendment No. 1 to the Registration Statement on Form N-6 (Registration Nos. 333-105762 and 811-09359) of our report dated April 29, 2005 relating to the financial statements of The United States Life Insurance Company in the City of New York, which appear in such Registration Statement. We also consent to the references to us under the heading "Financial Statements" in such Registration Statement.

PRICEWATERHOUSECOOPERS LLP

Houston, Texas
April 29, 2005

Description of The United States Life Insurance Company
in the City of New York's
Issuance, Transfer and Redemption Procedures
for Variable Universal Life Insurance Policies
Pursuant to Rule 6e-3(T) (b) (12) (iii)
under the Investment Company Act of 1940
Prepared as of May 2, 2005

Set forth below is the information called for under Rule 6e-3(T) (b) (12) (iii) under the Investment Company Act of 1940 ("1940 Act"). That rule provides an exemption for separate accounts, their investment advisers, principal underwriters and sponsoring insurance companies from Sections 22(c), 22(d), 22(e), and 27(c) (1) of the 1940 Act, and Rule 22(c)-1 promulgated thereunder, for issuance, transfer and redemption procedures under flexible premium variable life insurance policies to the extent necessary to comply with Rule 6e-3(T), state administrative law or established administrative procedures of the life insurance company. In order to qualify for the exemption, procedures must be reasonable, fair and not discriminatory and they must be disclosed in the registration statement filed by the separate account.

Net premiums received by The United States Life Insurance Company in the City of New York ("USL") under its flexible premium variable universal life insurance policies (the "Policies") are invested in Separate Account USL VL-R (the "Account") of USL. The Account is registered under the 1940 Act. Within the Account are investment divisions. New investment divisions may be added and investment divisions may be removed. Procedures apply equally to each investment division and for purposes of this description are defined in terms of the Account, except where a discussion of both the Account and its investment divisions is necessary. Each current investment division invests in shares of a corresponding portfolio from among 50 funds (individually, a "Fund," and collectively, the "Funds"), each a "series" type of mutual fund registered under the 1940 Act. All of the Funds in the Account are not available under all of the Policies. The investment experience of the current investment divisions of the Account depends upon the market performance of the corresponding Fund portfolios. Although the Policies may also provide for fixed benefits supported by USL's General Account, except as otherwise explicitly stated herein, this description assumes that net premiums are allocated exclusively to the Account and that all transactions involve only the investment divisions of the Account.

USL believes its procedures meet the requirements of Rule 6e-3(T) (b) (12) (iii) and states the following:

1. Because of the insurance nature of the Policies and due to the requirements of state insurance laws, the procedures necessarily differ in significant respects from procedures for mutual funds and contractual plans for which the 1940 Act was designed.

2. In structuring its procedures to comply with Rule 6e-3(T) and state insurance laws, USL has attempted to comply with the intent of the 1940 Act to the extent deemed feasible.

3. In general, state insurance laws require that USL's procedures be reasonable, fair and not discriminatory.

4. Because of the nature of the insurance product, it is often difficult to determine precisely when USL's procedures deviate from those required under Sections 22(c), 22(d), 22(e) or 27(c)(1) of the 1940 Act or Rule 22c-1 thereunder. Accordingly, set out below is a summary of the principal Policy provisions and procedures which may be deemed to constitute, either directly or indirectly, such a deviation. The summary, while extensive, does not attempt to treat each and every procedure or variation which might occur and does include certain procedural steps which do not constitute deviations from the above-cited sections or rule.

I. "PUBLIC OFFERING PRICE": PURCHASE AND RELATED TRANSACTIONS -- SECTION 22(d) AND RULE 22c-1

This section outlines those principal Policy provisions and administrative procedures which might be deemed to constitute, either directly or indirectly, a "purchase" transaction. Because of the insurance nature of the Policies, the procedures involved necessarily differ in certain significant respects from the purchase procedures for mutual funds and contractual plans. The chief differences revolve around the structure of the cost of insurance charges and the insurance underwriting (i.e., evaluation of risk) process. There are also certain Policy provisions--such as reinstatement and loan repayment -- which do not result in the issuance of a Policy but which require certain payments by the Policy owner and involve a transfer of assets supporting the Policy reserve into the Account.

a. INSURANCE CHARGES AND UNDERWRITING STANDARDS

Cost of insurance charges for USL's Policies will not be the same for all Policy owners. The chief reason is that the principle of pooling and distribution of mortality risks is based upon the assumption that each Policy owner pays a cost of insurance charge commensurate with the insured's mortality risk which is actuarially determined based upon factors such as age, sex and risk class of the insured and the face amount size band of the Policy. In the context of life insurance, a uniform mortality charge (the "cost of insurance charge") for all insureds would discriminate unfairly in favor of those insureds representing greater mortality risks to the disadvantage of those representing lesser risks. Accordingly, although there will be a uniform "public offering price" for all Policy owners, because premiums are flexible and amounts allocated to the Account will be subject to the same charges as described

above), there will be a different "price" for each actuarial category of Policy owners because different cost of insurance rates will apply. The "price" will also vary based on net amount at risk. The Policies will be offered and sold pursuant to this cost of insurance schedule and USL's underwriting standards and in accordance with state insurance laws. Such laws prohibit unfair discrimination among insureds, but recognize that premiums must be based upon factors such

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as age, sex, health and occupation. A table showing the maximum cost of insurance charges will be delivered as part of the Policy.

b. APPLICATION AND INITIAL PREMIUM PROCESSING

Upon receipt of a completed application from a prospective Policy owner, USL will follow certain insurance underwriting (i.e., evaluation of risks) procedures designed to determine whether the proposed insured is insurable. This process may involve such verification procedures as medical examinations and may require that further information be provided by the proposed Policy owner before a determination can be made. A Policy cannot be issued, i.e., physically issued through USL's computerized issue system, until this underwriting procedure has been completed.

The date as of which the application is approved and insurance coverage of the proposed insured is effective is referred to as the "effective date". The effective date is the earlier of the date a Policy is actually issued ("issue date") and the day USL receives the full initial premium. The effective date represents the first day of the Policy year and therefore determines the Policy anniversary. It marks the commencement of the variability of benefits, except as noted below. The initial net premium is allocated to the Account as of the later of the effective date and the date USL receives the premium payment. USL has established a lockbox in Houston, Texas to receive premium payments. The lockbox process does not affect the timing of the effective date. (There may be occasions when USL has received the initial premium and the effective date has been established, but other necessary documents have not been received.) The initial net premium is allocated to the Money Market division until the first business day 15 days after the issue date, regardless of the Policy owner's premium allocation instructions. The issue date represents the commencement of the suicide and contestability periods for purposes of the Policies. The effective date is the date when cost of insurance charges and other charges start accruing even if they are collected at the issue date, if later.

USL will require that the Policy is delivered within a specific delivery period to protect itself against anti-selection by the prospective Policy owner resulting from a determination of the health of the proposed insured. Generally, the period will not exceed the shorter of 30 days from the date the Policy is issued and 75 days from the date of Part 2 of the Application.

c. ANNIVERSARY AND PREMIUM PROCESSING

At each monthly anniversary, USL will credit the unloaned portion of the declared fixed interest account with any interest accrued on loan amounts during the previous Policy month. Charges against the cash value for administrative expenses, additional benefits and cost of insurance charges will also be made. These deductions cover the cost of the Policy for the next month.

Net premiums are credited to the cash value as of the date the premium payments are received by USL. The initial net premium is allocated to the Money Market division until 15 days after the issue date, regardless of the Policy owner's premium allocation instructions. Net premiums

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are equal to the gross premiums minus deductions for applicable state and local taxes and sales expenses.

Premium payments may be made at any time and for any amount, within certain limits. Premium payments may not be more than those allowed under the Internal Revenue Code for the Policy to continue to qualify as life insurance. USL makes deductions from each premium for sales expenses (a percent of each premium paid during any Policy year until total premiums for that Policy year equal the target premium for the particular Policy) and for any applicable premium tax, the amount of which varies from jurisdiction to jurisdiction.

d. REINSTATEMENT

If the Policy has lapsed, it may be reinstated while the insured person is alive if the Policy owner 1) requests reinstatement within 3 years from the end of the grace period (some forms of the Policies are longer), 2) provides satisfactory evidence of insurability and 3) makes a premium payment sufficient to keep the Policy in force generally for at least 3 months after reinstatement. The effective date of the reinstated Policy will be the beginning of the Policy month which coincides with or next follows the date USL approves the reinstatement application. Upon reinstatement, the maximum surrender charge for the Policy will be reduced by the amount of all surrender charges previously imposed on the Policy, and for purposes of determining any future surrender charges on the Policy, the Policy will be deemed to have been in effect since the original effective date. No previous indebtedness will be reinstated.

e. REPAYMENT OF LOAN

A loan made under the Policy may be repaid with an amount equal to the original loan plus loan interest.

f. CORRECTION OF MISSTATEMENT OF AGE OR SEX

If USL discovers that the age or sex of the insured has been misstated,

the death benefit and any rider benefits will be those which would be purchased by the most recent deduction for the cost of insurance and the cost of rider benefits at the correct age and sex.

g. CONTESTABILITY

The Policy is contestable for two years, measured from the issue date, during the lifetime of the insured for material misstatements made in the initial application for the Policy. Policy changes (including Policy increases) may be contested for two years after the effective date of the change, and a reinstatement for two years after the effective date of the reinstatement. No statement will be used to contest a Policy unless it is contained in an application. USL may not be restricted by the foregoing time limitations in the event of fraud.

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h. REDUCTION IN COST OF INSURANCE RATE CLASSIFICATION

By administrative practice, USL will reduce the cost of insurance rate classification for an outstanding Policy if new evidence of insurability demonstrates that the Policy owner qualifies for a lower classification. After the reduced rating is determined, the Policy owner will pay a lower monthly cost of insurance charge each month.

II. "REDEMPTION PROCEDURES": SURRENDER AND RELATED TRANSACTIONS

This section will outline those procedures which differ in certain significant respects from redemption procedures for mutual funds and contractual plans. USL's Policies provide for the payment of monies to a Policy owner or beneficiary upon presentation of a Policy. Generally, except for the payment of death benefits, the imposition of cost of insurance, administrative and transaction charges and the effects of the surrender charge, the payee will receive a pro rata or proportionate share of the Account's assets within the meaning of the 1940 Act in any transaction involving "redemption procedures." The amount received by the payee will depend upon the particular benefit for which the Policy is presented, including, for example, the cash surrender value or death benefit. There are also certain Policy provisions -- such as partial withdrawals and the loan privilege -- under which the Policy will not be presented to USL but which will affect the Policy owner's benefits and may involve a transfer of the assets supporting the Policy reserve out of the Account. Any combined transactions on the same day which counteract the effect of each other will be allowed. USL will assume the Policy owner is aware of the conflicting nature of these transactions and desires their combined result. In addition, if a transaction is requested which USL will not allow (for example, a request for a decrease in face amount which lowers the face amount below USL's minimum) USL will reject the whole request and not just the portion which causes the disallowance. Policy owners will be informed of the rejection and will have an opportunity to give new instructions. Finally, state insurance laws may

require that certain requirements be met before USL is permitted to make payments to the payee.

a. SURRENDER FOR CASH VALUES

USL will pay the net cash surrender value within seven days after receipt, at its Administrative Center, of the Policy and a signed request for surrender in form satisfactory to USL. Computations with respect to the investment experience of each investment division will be made at the close of trading on the composite tape on each business day. This will enable USL to pay a net cash value on surrender as of the date a request for surrender and the Policy are received based on the next computed value after a request is received. The surrender is effective on the date USL receives the request at its Administrative Center and insurance coverage ends on that day.

The cash value (which is equal to the cash surrender value plus any applicable surrender charge) may increase or decrease from day to day depending on the investment experience of the Account. Calculation of the cash value for any given day will reflect the actual premiums paid, expenses charged and deductions taken.

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If a Policy is totally surrendered USL will pay the Policy owner an amount equal to the net cash surrender value of the Policy. The net cash surrender value of a Policy is equal to the cash surrender value of the Policy less the amount of any outstanding Policy loan and accrued interest. The cash surrender value of a Policy will equal the amount of the cash value less the surrender charge. USL will make the payment of net cash surrender value out of its General Account and, at the same time, transfer assets from the Account to the General Account in an amount equal to the Policy reserves in the Account for the surrendered Policy, or the portion of the face amount that was reduced.

In lieu of payment of the net cash surrender value in a single sum upon surrender of a Policy, an election may be made to apply all or a portion of the proceeds under one of the fixed benefit payment options then offered by USL.

The Policy contains a partial withdrawal feature after the first Policy year, subject to a minimum withdrawal amount and other conditions. Any request for a partial withdrawal must be in writing to USL's Administrative Center, and will take effect as of the day it is received. A partial withdrawal will reduce the death benefit, cash value and cash surrender value associated with the Policy by the amount of the withdrawal plus a charge for administrative expenses associated with it. The Policy after such a withdrawal must meet minimum face amount requirements and must continue to qualify as life insurance under applicable tax law.

b. DEATH CLAIMS

USL will pay a death benefit to the beneficiary within seven days after receipt, at its Administrative Center, of the Policy, due proof of death of the insured, and all other requirements necessary to make payment./1/

The death benefit payable will depend on the option in effect at the time of death. Under Option 1, the death benefit is the greater of the face amount of insurance and a percentage multiple of the accumulation value. Under Option 2, the death benefit is the greater of the face amount of insurance plus the accumulation value and a percentage multiple of the accumulation value. The percentage referred to is the applicable percentage from the following table for the insured person's age (as of his or her nearest birthday) at the beginning of the Policy year of determination.

The proceeds payable to the beneficiary will be adjusted to reflect any outstanding indebtedness and any overdue monthly charges if death occurs during the grace period described below under "Default and Options on Lapse." The proceeds payable on death also reflect interest from the date of death to the date of payment.

/1/ State insurance laws impose various requirements, such as receipt of a tax waiver, before payment of the death benefit may be made. In addition, payment of the death benefit is subject to the provisions of the Policies regarding suicide and incontestability.

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USL will make payment of the death benefit out of its General Account, and will transfer assets from the Account to the General Account in an amount equal to the reserve for that Policy in the Account. The excess, if any, of the death benefit over the amount transferred will be paid out of the General Account reserve maintained for that purpose.

In lieu of payment of the death benefit in a single sum, a settlement option may be selected as described immediately above with respect to cash surrender values.

c. DEFAULT AND OPTIONS ON LAPSE

The duration of insurance coverage depends upon the net cash surrender value of a Policy being sufficient to cover the monthly charges. If the net cash surrender value at the beginning of a month is less than the charges for that month, a grace period of 61 days will begin. Written notice will be sent to the Policy owner and any assignee on USL's records stating that such a grace period has begun and giving the approximate amount of premium payment necessary to cover three monthly deductions. If this amount is not received during the grace period, any amount of cash value will be withdrawn and applied to applicable charges and the Policy will end without value. If the insured should die during the grace period, an amount sufficient to cover the overdue monthly charges and

other charges will be deducted from the death benefit.

d. POLICY LOAN

USL's Policies provide that a Policy owner may take a loan of up to 100% of the cash surrender value (with certain reductions based on the form of Policy) upon assignment to USL of the Policy as sole security. The cash surrender value for this purpose will be that next computed after receipt, at USL's Administrative Center, of a signed loan request. Payment of the loan out of USL's General Account will be made to the Policy owner within seven days after such receipt.

Interest on a loan accrues daily at an effective annual interest rate which is adjusted annually. A rate will be determined as of the beginning of each Policy year and will apply to a new or outstanding loan during that Policy year. The maximum annual loan interest rate for a Policy year will generally be no greater than 4.50%.

Loan interest is due on each Policy anniversary. If not paid when due, it is added to the existing indebtedness and bears interest at the loan rate. Failure to repay a loan will not necessarily terminate the Policy. If the net cash surrender value of the Policy is not sufficient to cover the monthly charges for the cost of insurance and administrative expenses, the Policy will go into a 61-day grace period, as described above.

e. TRANSFERS AMONG DIVISIONS

Amounts may be transferred, upon request, at any time from any investment division of the Account to one or more other divisions of the Account. The minimum amount allowed for a

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transfer is the lesser of the minimum amount shown in a Policy (usually \$500) and the total value in the investment division. Subject to current market timing restrictions, the first 12 transfers in any one Policy year are free of charge. USL will charge \$25 for each transfer in excess of 12 per year.

Transfer charges, if any, will be subtracted equally among the divisions from which transfers are made.

Transfers from an investment division of the Account will take effect as of the receipt of a request at USL's Administrative Center.

f. RIGHT OF WITHDRAWAL PROCEDURES

The Policy provides that the Policy owner may cancel it by returning the Policy along with a written request for cancellation to USL's Administrative Center by 10 days after the Policy owner receives the Policy. The Policy owner

will receive a refund equal to the premium payments made under the Policy, or the premium plus (or minus) investment earnings.