FORM 497

Definitive materials filed under paragraph (a), (b), (c), (d), (e) or (f) of Securities Act Rule 497

Filing Date: **2005-05-02**
SEC Accession No. 0001193125-05-092490

(HTML Version on secdatabase.com)

FILER

MINNESOTA LIFE VARIABLE LIFE ACCOUNT

CIK:**789535**| IRS No.: **410417830** | State of Incorp.:**MN** | Fiscal Year End: **1231**
Type: **497** | Act: **33** | File No.: **333-120704** | Film No.: **05791674**

Mailing Address
400 ROBERT STREET NORTH
ST PAUL MN 55101-2098

Business Address
400 N ROBERT ST
ST PAUL MN 55101-2098
6122234306

Prospectus

Minnesota Life Insurance Company
Minnesota Life Variable Life Account

Variable Adjustable Life Insurance Policy

This prospectus describes a Variable Adjustable Life Second Death Insurance Policy ("VAL Survivor") issued by Minnesota Life Insurance Company ("Minnesota Life"). The Policy may be adjusted, within described limits, as to face amount, premium amount and the plan of insurance.

VAL Survivor policy values may be invested in our separate account called the Minnesota Life Variable Life Account ("Variable Life Account"). Policy values may also be invested in a general account option. The account value of each Policy will vary with the investment experience of these options.

The Variable Life Account invests its assets in the following Fund Portfolios:

[LOGO] ADVANTUS(TM)
Capital Management

Advantus Capital Management, Inc.:
- Bond Portfolio
- Index 400 Mid-Cap Portfolio
- Index 500 Portfolio
- International Bond Portfolio
- Money Market Portfolio
- Mortgage Securities Portfolio
- Real Estate Securities Portfolio

[LOGO]

AIM Variable Insurance Fund:
- AIM V.I. Aggressive Growth Fund -- Series II Shares
- AIM V.I. Balanced Fund -- Series II Shares (AIM V.I. Basic Balanced -- Series II Shares effective July 1, 2005)
- AIM V.I. Dent Demographic Trends Fund -- Series II Shares (AIM V.I. Demographic Trends -- Series II Shares effective July 1, 2005)
- AIM V.I. Premier Equity Fund -- Series II Shares

[LOGO]
American Century
Investments

American Century Variable Portfolios, Inc.:
- VP Income & Growth Fund -- Class II Shares
- VP Ultra(R) Fund -- Class II Shares
- VP Value Fund -- Class II Shares

[LOGO] CREDIT SUISSE ASSET MANAGEMENT

Credit Suisse Trust:
- Global Small Cap Portfolio (formerly Credit Suisse Global Post-Venture Capital Portfolio)

[LOGO]
Fidelity/R/
INVESTMENTS

Fidelity Variable Insurance Products Funds:
- Contrafund(R) Portfolio -- Service Class 2 Shares
- Equity-Income Portfolio -- Service Class 2 Shares
- Mid Cap Portfolio -- Service Class 2 Shares

[LOGO] FRANKLIN TEMPLETON INVESTMENTS/R/

Franklin Templeton Variable Insurance Products Trust:
- Franklin Large Cap Growth Securities Fund -- Class 2 Shares
- Franklin Small-Mid Cap Growth Securities Fund -- Class 2 Shares (formerly Franklin Small Cap Fund)
- Mutual Shares Securities Fund -- Class 2 Shares
- Templeton Developing Markets Securities Fund -- Class 2 Shares
- Templeton Global Asset Allocation Fund -- Class 2 Shares

[LOGO]

Janus Aspen Series:
- Balanced Portfolio -- Service Shares
- Forty Portfolio -- Service Shares (formerly Janus Aspen Series Capital Appreciation Portfolio)

.. International Growth Portfolio -- Service Shares

[LOGO] MFS
INVESTMENT MANAGEMENT

MFS(R) Variable Insurance Trust /sm/:
.. Investors Growth Stock Series -- Service Shares
.. Mid Cap Growth Series -- Service Shares
.. New Discovery Series -- Service Shares
.. Value Series -- Service Shares

[LOGO] Oppenheimer Funds/R/
The Right Way to Invest

Oppenheimer Variable Account Funds:
.. Capital Appreciation Fund -- Service Shares
.. High Income Fund -- Service Shares

Panorama Series Fund, Inc.:
.. International Growth Fund -- Service Shares

[LOGO] PUTNAM INVESTMENTS

Putnam Variable Trust:
.. Putnam VT Growth and Income Fund -- Class IB Shares
.. Putnam VT International Equity Fund -- Class IB Shares
.. Putnam VT New Opportunities Fund -- Class IB Shares
.. Putnam VT New Value Fund -- Class IB Shares
.. Putnam VT Voyager Fund -- Class IB Shares

[GRAPHIC]

W&R
TARGET FUNDS

Waddell & Reed

W&R Target Funds, Inc.
.. W&R Asset Strategy Portfolio
.. W&R Balanced Portfolio
.. W&R Core Equity Portfolio
.. W&R Growth Portfolio
.. W&R International Growth Portfolio (formerly W&R International Portfolio)
.. W&R International Value Portfolio (formerly W&R International II Portfolio)
.. W&R Micro Cap Growth Portfolio
.. W&R Science and Technology Portfolio
.. W&R Small Cap Growth Portfolio
.. W&R Small Cap Value Portfolio
.. W&R Value Portfolio

This prospectus must be accompanied by the current prospectuses of the Funds. You should read the prospectus carefully and retain it for future reference.

The Policy has not been approved or disapproved by the SEC. Neither the SEC nor any state has determined whether this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

[LOGO] MINNESOTA LIFE
400 Robert Street North . St. Paul, Minnesota 55101-2098
Ph 651/665-3500 . http:/www.minnesotalife.com

Dated: April 27, 2005

Table of Contents

<TABLE>

</TABLE>

(This page has been left blank intentionally.)

Summary of Benefits and Risks

The following summary is designed to answer certain general questions concerning the Policy and to give you a brief overview of the more significant features. The summary is not comprehensive and you should review the information contained elsewhere in this prospectus. This prospectus describes a variable adjustable life second death insurance policy called VAL Survivor providing a death benefit on the second death. As the policy owner, you can exercise all the rights under the Policy, including the right to change the owner and the beneficiary and the right to make policy adjustments. This kind of policy is intended for the use of persons who wish to combine both life insurance and the accumulation of cash values; it is not suitable as a short-term investment vehicle.

What are some of the benefits of the Policy?

The Policy described in this prospectus combines a guaranteed plan of insurance, flexible administrative procedures, and significant and useful market sensitive investment features.

What is the guaranteed plan of insurance?

For any given level of premium, face amount and death benefit option, we guarantee a specific plan of insurance. The plan of insurance is the period during which insurance coverage is guaranteed and the period during which you must pay premiums to maintain that guarantee. These two periods are not always the same. For example, the Policy could have insurance coverage for life, with premiums payable for 30 years. See "Adjustable Life Insurance" on page 12.

What makes the Policy "Adjustable"?

The Policy is called "Adjustable" because it allows you the flexibility to tailor your Policy to your needs at issue and thereafter to change or adjust your Policy as your insurance needs change. Within very broad limits, including those designed to assure that the Policy qualifies as life insurance for tax purposes, you may choose the level of premium you wish to pay, the face amount and death benefit option that you need. Based on these three factors, we will calculate the guaranteed plan of insurance. Some limitations do apply to policy adjustments. See "Policy Adjustments" on page 13.

The maximum plan of insurance available is a whole life plan where the Policy becomes paid-up after the payment of ten annual base premiums. The minimum plan of insurance that we offer at original issue is a protection plan that provides guaranteed insurance coverage for ten years with premiums payable for ten years. See "Adjustable Life Insurance" on page 12. A protection plan of insurance guarantees insurance coverage and a certain premium level, for a specified number of years, always less than for whole life. A protection plan offers the most insurance protection with the lowest initial level of premiums and with the least cash value.

For any given face amount and death benefit option, you may select a premium that results in a plan that falls anywhere between the minimum protection plan and the maximum whole life plan. In general, the higher the premium you pay, the greater will be your cash value accumulation at any given time and therefore, for whole life plans, the shorter the period during which you need to pay premiums before your Policy becomes paid-up.

What makes the Policy "Variable"?

The Policy is called "Variable" because unlike traditional whole life and universal life contracts which provide for accumulations of contract values at fixed rates determined by the insurance company, the value in the Policy may be invested in a separate account of ours called the Minnesota Life Variable Life Account. The sub-accounts of the separate account are invested in corresponding Portfolios of the

Funds. Your policy values invested in these sub-accounts will fluctuate with the performance of the sub-accounts and will reflect market rates of return. See "Variable Life Account" and "Funds" on page 6.

Those seeking the traditional insurance protections of a guaranteed cash value may allocate premiums to the guaranteed interest account, which is a general account option with a guaranteed accumulation at a fixed rate of interest. With the guaranteed interest account, you do not bear the risk that adverse investment performance will depreciate the account value. See "The Guaranteed Interest Account" on page 10.

What death benefit options are offered under the Policy?

The Policy provides two death benefit options: the Cash Option and the Protection Option. Your choice will depend on which option best fits your need.

The Cash Option provides a fixed death benefit equal to the guaranteed face amount. Favorable nonguaranteed elements, including investment returns, will be reflected in increased account values. The death benefit will vary only if necessary to satisfy the definition of life insurance.

The Protection Option provides a variable death benefit equal to the guaranteed face amount plus the policy value. Favorable nonguaranteed elements, including investment returns, will be reflected both in increased life insurance coverage and increased account values. See "Death Benefit Options" on page 23.

Do you have access to your policy values?

Yes. Your policy value is the account value plus any policy loan. See "Account Value" on page 19. You may transfer account values among the available investment options, make a partial surrender of the account values, or surrender the Policy. There may be a Surrender Charge when the Policy is surrendered. See "Transfers" on page 21 and "Surrender" on page 25. You may also borrow up to 90 percent of your policy value less surrender charge as a policy loan. See "Policy Loans" on page 24. Some of these transactions may have significant tax consequences. See "Federal Tax Status" on page 31.

What are some of the risks of the Policy?

There is an investment risk. A variable adjustable life insurance policy is intended for those who wish to combine both life insurance and the accumulation of cash values; it is not suitable as a short-term investment vehicle. The values in the sub-accounts have no guaranteed minimum account value. The claims-paying ability of Minnesota Life as measured by independent rating agencies does not provide any guarantees of the investment performance of the Variable Life Account. Therefore, you bear the risk that adverse investment performance may depreciate your investment in the Policy. Additional information concerning investment objectives and policies of the Portfolios (including a comprehensive discussion of the risks of each Portfolio) may be found in the current prospectuses for each Fund which accompany this prospectus. You should carefully review each Fund prospectus before purchasing the Policy. See "Account Value" on page 19.

There is a risk that a Policy will terminate. This will occur if there is insufficient account value to cover policy charges, or if there is no account value when there is a policy loan. Policy loans may increase the risk that the Policy will terminate. If a Policy with a substantial loan terminates, there may be significant negative tax consequences. Policy loans may also have a negative impact on the cash value, and may reduce the death benefit. See "Policy Premiums" on page 16.

You may fully surrender the Policy; in some situations there will be a Surrender Charge. Surrendering your Policy may have significant tax consequences.

You may make a partial surrender of the account values. A partial surrender may be subject to a transaction charge equal to the lesser of $25 or 2 percent of the amount of the partial surrender. A partial surrender will reduce the account value and the death benefit and will increase the risk of lapse or termination. In addition, a partial surrender may have significant tax consequences. See "Federal Tax Status" on page 31.

There is risk that the Policy may not qualify as life insurance for federal tax purposes. We believe that a Policy issued on the basis of a standard premium class should so qualify. However, it is not clear whether a Policy issued on a sub-standard basis would qualify. Failure to qualify would mean that the death proceeds would be included in the beneficiary's gross income for federal income tax purposes, and that cash values are not constructively received until they are actually received.

There is also a risk that a Policy qualifying as life insurance will be treated as a modified endowment contract ("MEC"). A MEC is treated as life insurance with respect to the tax treatment of death proceeds and the tax-free inside build-up of yearly cash value increases. However, any amounts you receive, such as cash withdrawals, loans or amounts received from partial or total surrender of the Policy are includable in gross income on an income-first basis. With certain exceptions, the tax treatment includes a ten percent additional income tax imposed on the portion of any distribution that is included in income. See "Federal Tax Status" on page 31.

Summary Fee Tables

The following tables describe the fees and expenses that you will pay when buying, owning, and surrendering the Policy.

Transaction Fees

This table describes the fees and expenses that you will pay at the time that you buy the Policy, pay premiums, surrender the Policy, adjust the Policy or make transfers between the investment options.

<TABLE>
<CAPTION>

Charge	When Charge is Deducted	Amount Deducted
Premium Charge	Upon premium payment	Maximum of 5.75 percent of premium in all years(1)
Policy Adjustment Transaction Charge(2)	At policy adjustment for changes in premium, face amount, plan of insurance, and death benefit option	$95
Partial Surrender Transaction Charge	At partial surrender	Lesser of $25 or 2 percent of partial surrender amount
Transfer Transaction Charge	At transfer of cash values	Maximum of $25; currently $10(3)
Surrender Charge	At policy surrender or termination	Maximum of the sum of all monthly Policy Issue Charges, remaining unpaid from the time of surrender or termination to the end of the applicable ten year period(4)

</TABLE>

(1) The premium charge applies to base premiums and non-repeating premiums. It does not apply to premiums for Additional Benefits. See "Additional Benefits" on page 30. This charge is currently 5.75 percent on base premiums and 3 percent on non-repeating premiums. Base premiums are premiums paid for the basic policy before any premiums for additional benefits. Non-repeating premiums are premiums paid in addition to planned premiums.

(2) See "Policy Adjustments" on page 13.

(3) The transfer transaction charge only applies to non-systematic transfers in excess of 12 per year. See "Transfers" on page 21.

(4) The Policy Issue Charge is assessed during the first ten years after policy issue or policy adjustment involving an increase in premium or net amount at risk. See Periodic Charges table

below. If the Policy is terminated or surrendered during that ten year period, we will assess a Surrender Charge. The maximum Surrender Charge is the sum of all monthly Policy Issue Charges, remaining unpaid from the time of surrender or termination to the end of the applicable ten year period. This amount will not be adjusted for present value.

Periodic Charges Other Than Investment Option Operating Expenses

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

<TABLE>
<CAPTION>

Charge	When Charge is Deducted	Amount Deducted
<S>	<C>	<C>
Monthly Policy Charge	Monthly	Maximum of $15 plus $0.03 per $1,000 of face amount; currently $10 plus $0.02 per $1,000 of face amount
Policy Issue Charge(1)	Monthly	Maximum of $2.80 and minimum of $0.08 per $1,000 of face amount The charge for a representative male and female nonsmoker standard risk age 50 would be $0.25 per $1,000 of face amount
Cost of Insurance Charge	Monthly	Maximum of $83.33 and minimum of $0.00 per $1,000 of net amount at risk(2) The charge for a representative male and female nonsmoker standard risk age 50 would be $0.02 per $1,000 of net amount at risk(3)
Cash Extra Charge(3)	Monthly	Maximum of $76 and minimum of $0.00 per $1,000 of net amount at risk(2) The charge for a representative male and female nonsmoker risk age 50 would be $0.01 per $1,000 of face amount(3)
Mortality and Expense Risk Charge	Daily	An annual rate of 0.50 percent of average daily net assets of Variable Life Account
Loan Interest Charge(4)	Annually and upon policy adjustment	Loan interest accrues daily at an annual rate of 5 percent of loan amount
Additional Benefits:		
a) Waiver of Premium Agreement	Upon premium payment	a) Maximum of $11.24 and minimum of $0.12 per $1,000 of face amount annually The charge for a representative male nonsmoker age 50 would be $1.13 per $1,000 of face amount annually(3)

</TABLE>

<TABLE>
<CAPTION>

Charge	When Charge is Deducted	Amount Deducted
<S>	<C>	<C>
b) Estate Preservation Agreement	Upon premium payment	b) Maximum of $30.24 and minimum of $0.05 per $1,000 of agreement coverage annually before term election. The charge for a representative male and female nonsmoker age 50 would be $0.16

per $1,000 of agreement coverage annually

Maximum of $269.80 and minimum of $0.31 per $1,000 after election annually. The charge for a representative male nonsmoker age 65 would be $4.70 per $1,000 annually(3)

</TABLE>

(1) A Policy Issue Charge is assessed during the first ten years after policy issue or policy adjustment involving an increase in premium or in the net amount at risk. The charge varies by the ages and underwriting classes of the insureds. The charge may not be representative of the charge for particular insureds. More information regarding the charge for specific insureds is available upon request to us.

(2) Net amount at risk is defined as death benefit minus policy value.

(3) The charge varies by the ages and underwriting classes of the insureds. The charge may not be representative of the charge for particular insureds. More information regarding the charge for specific insureds is available upon request to us.

(4) See "Policy Loan Interest" on page 24.

Total Annual Operating Expenses of the Funds

This table describes the total annual operating expenses associated with the Funds that you will pay while you own the Policy. The table shows the minimum and maximum expenses (as a percentage of Fund assets) charged by any of the Funds. More detail concerning a particular Fund and its portfolios' fees and expenses is contained in the prospectus for that Fund.

<TABLE>
<CAPTION>

Charge	Minimum	Maximum
<S>	<C>	<C>
Total Fees and Expenses(1)	0.45%	1.79%

</TABLE>

(1) The total fees and expenses include the investment management fee, distribution (12b-1) fee and other expense for the Funds.

General Descriptions

Minnesota Life Insurance Company

We are Minnesota Life Insurance Company, a life insurance company organized under the laws of Minnesota. Minnesota Life was formerly known as The Minnesota Mutual Life Insurance Company, a mutual life insurance company organized in 1880 under the laws of Minnesota. Effective October 1, 1998, The Minnesota Mutual Life Insurance Company reorganized by forming a mutual insurance

holding company named Minnesota Mutual Companies, Inc. The Minnesota Mutual Life Insurance Company continued its corporate existence following conversion to a Minnesota stock life insurance company named Minnesota Life Insurance Company. All of the shares of the voting stock of Minnesota Life are owned by a second tier intermediate stock holding company named Securian Financial Group, Inc., which in turn is a wholly-owned subsidiary of a first tier intermediate stock holding company named Securian Holding Company, which in turn is a wholly-owned subsidiary of the ultimate parent, Minnesota Mutual Companies, Inc.

Our home office is at 400 Robert Street North, St. Paul, Minnesota 55101-2098, telephone: (651) 665-3500. We are licensed to conduct life insurance business in all states of the United States (except New York where we are an authorized reinsurer), the District of Columbia, Canada, Puerto Rico and Guam.

Variable Life Account

On October 21, 1985, our Board of Trustees established a separate account, called the Minnesota Life Variable Life Account, in accordance with certain provisions of the Minnesota insurance law. The separate account is registered as a "unit investment trust" with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940 ("1940 Act"). Registration under the Act does not signify that the SEC supervises the management, or the investment practices or policies, of the Variable Life Account. The separate account meets the definition of a "separate account" under the federal securities laws.

We are the legal owner of the assets in the Variable Life Account. Minnesota Life is obligated to pay all amounts promised to policy owners and beneficiaries under the Policies. The Minnesota law under which the Variable Life Account was established provides that the assets of the Variable Life Account shall not be chargeable with liabilities arising out of any other business which we may conduct, but shall be held and applied exclusively to the benefit of the holders of those variable life insurance policies for which the separate account was established. The investment performance of the Variable Life Account is entirely independent of both the investment performance of our General Account and of any other separate account which we may have established or may later establish.

The Variable Life Account currently has forty-nine sub-accounts to which you may allocate premiums. Each sub-account invests in shares of a corresponding Portfolio of the Funds.

The Funds

Below is a list of the Portfolios and their investment adviser or sub-adviser. Prospectuses for the Funds must accompany this Prospectus. You should carefully read these prospectuses before investing in the Policy.

Fund/Portfolio	Investment Adviser	Investment Sub-Adviser
Advantus Series Fund, Inc.:		
Bond Portfolio	Advantus Capital Management, Inc.	
Index 400 Mid-Cap Portfolio	Advantus Capital Management, Inc.	
Index 500 Portfolio	Advantus Capital Management, Inc.	
International Bond Portfolio	Advantus Capital Management, Inc.	Julius Baer Investments Limited
Money Market Portfolio	Advantus Capital Management, Inc.	
Mortgage Securities Portfolio	Advantus Capital Management, Inc.	
Real Estate Securities Portfolio	Advantus Capital Management, Inc.	

Fund/Portfolio	Investment Adviser	Investment Sub-Adviser
AIM Variable Insurance Fund:		
AIM V.I. Aggressive Growth Fund - Series II Shares	A I M Advisors, Inc.	
AIM V.I. Balanced Fund - Series II Shares	A I M Advisors, Inc.	
AIM V.I. Dent Demographic Trends Fund - Series II Shares	A I M Advisors, Inc.	H.S. Dent Advisors, Inc. (through June 30, 2005)
AIM V.I. Premier Equity Fund - Series II Shares	A I M Advisors, Inc.	
American Century Variable Portfolios, Inc.:		
VP Income & Growth Fund - Class II Shares	American Century Investment Management, Inc.	
VP Ultra(R) Fund - Class II Shares	American Century Investment Management, Inc.	
VP Value Fund - Class II Shares	American Century Investment Management, Inc.	
Credit Suisse Trust:		
Global Small Cap Portfolio	Credit Suisse Asset Management, LLC	
Fidelity Variable Insurance Products Funds:		
Contrafund(R) Portfolio - Service Class 2	Fidelity Management & Research Company, FMR Co., Inc., Fidelity	

Shares	Management & Research (U.K.) Inc. (FMR U.K.), Fidelity Management & Research (Far East) Inc. (FMR Far East), Fidelity International Investment Advisors (FIIA), Fidelity International Investment Advisors (U.K.) Limited (FIIA(U.K.)L), Fidelity Investments Japan Limited (FIJ)	
Equity-Income Portfolio - Service Class 2 Shares	Fidelity Management & Research Company, FMR Co., Inc., Fidelity Management & Research (U.K.) Inc. (FMR U.K.), Fidelity Management & Research (Far East) Inc. (FMR Far East), Fidelity International Investment Advisors (FIIA), Fidelity International Investment Advisors (U.K.) Limited (FIIA(U.K.)L), Fidelity Investments Japan Limited (FIJ)	
Mid Cap Portfolio - Service Class 2 Shares	Fidelity Management & Research Company, FMR Co., Inc., Fidelity Management & Research (U.K.) Inc. (FMR U.K.), Fidelity Management & Research (Far East) Inc. (FMR Far East), Fidelity International Investment Advisors (FIIA), Fidelity International Investment Advisors (U.K.) Limited (FIIA(U.K.)L), Fidelity Investments Japan Limited (FIJ)	

Fund/Portfolio	Investment Adviser	Investment Sub-Adviser
Franklin Templeton Variable Insurance Products Trust:		
Franklin Large Cap Growth Securities Fund - Class 2 Shares	Franklin Advisers, Inc.	
Franklin Small-Mid Cap Growth Securities Fund - Class 2 Shares	Franklin Advisers, Inc.	
Mutual Shares Securities Fund - Class 2 Shares	Franklin Mutual Advisers, LLC	
Templeton Developing Markets Securities Fund - Class 2 Shares	Templeton Asset Management Ltd.	
Templeton Global Asset Allocation Fund - Class 2 Shares	Templeton Investment Counsel, LLC	
Janus Aspen Series:		
Balanced Portfolio - Service Shares	Janus Capital	
Forty Portfolio - Service Shares	Janus Capital	
International Growth Portfolio - Service Shares	Janus Capital	
MFS(R) Variable Insurance Trust/sm/:		
Investors Growth Stock Series - Service Shares	Massachusetts Financial Services Company	
Mid Cap Growth	Massachusetts Financial	

Series - Service Shares	Services Company
New Discovery Series - Service Shares	Massachusetts Financial Services Company
Value Series - Service Shares	Massachusetts Financial Services Company
Oppenheimer Variable Account Funds:	
Capital Appreciation Fund - Service Shares	OppenheimerFunds, Inc.
High Income Fund - Service Shares	OppenheimerFunds, Inc.
Panorama Series Fund, Inc.:	
International Growth Fund - Service Shares	OppenheimerFunds, Inc.
Putnam Variable Trust:	
Putnam VT Growth and Income Fund - Class IB Shares	Putnam Investment Management, LLC
Putnam VT International Equity - Class IB Shares	Putnam Investment Management, LLC
Putnam VT New Opportunities Fund - Class IB Shares	Putnam Investment Management, LLC
Putnam VT New Value Fund - Class IB Shares	Putnam Investment Management, LLC
Putnam VT Voyager Fund - Class IB Shares	Putnam Investment Management, LLC

Fund/Portfolio	Investment Adviser	Investment Sub-Adviser
W&R Target Funds, Inc.:		
W&R Asset Strategy Portfolio	Waddell & Reed Investment Management Company	
W&R Balanced Portfolio	Waddell & Reed Investment Management Company	
W&R Core Equity Portfolio	Waddell & Reed Investment Management Company	
W&R Growth Portfolio	Waddell & Reed Investment Management Company	
W&R International Growth Portfolio	Waddell & Reed Investment Management Company	
W&R International Value Portfolio	Waddell & Reed Investment Management Company	Templeton Investment Counsel, LLC
W&R Micro Cap Growth Portfolio	Waddell & Reed Investment Management Company	Wall Street Associates
W&R Science and Technology Portfolio	Waddell & Reed Investment Management Company	
W&R Small Cap Growth Portfolio	Waddell & Reed Investment Management Company	
W&R Small Cap Value Portfolio	Waddell & Reed Investment Management Company	BlackRock Financial Management, Inc.
W&R Value Portfolio	Waddell & Reed Investment Management Company	

Additions, Deletions or Substitutions

We reserve the right to add, combine or remove any sub-accounts of the Variable Life Account when permitted by law. Each additional sub-account will purchase shares in a new portfolio or mutual fund. Such sub-accounts may be established when, in our sole discretion, marketing, tax, investment or other conditions warrant such action. We will use similar considerations should there be a determination to eliminate one or more of the sub-accounts of the Variable Life Account. The addition of any investment option will be made available to existing policy owners on such basis as may be determined by us.

We retain the right, subject to any applicable law, to make substitutions with respect to the investments of the sub-accounts of the Variable Life Account. If investment in a Fund Portfolio should no longer be possible or if we determine it becomes inappropriate for Policies of this class, we may substitute another mutual fund or portfolio for a sub-account. Substitution may be made with respect to existing policy values and future premium payments. A substitution may be made only with any necessary approval of the SEC.

We reserve the right to transfer assets of the Variable Life Account as determined by us to be associated with the Policies to another separate account. A transfer of this kind may require the approvals of state regulatory authorities and of the SEC.

We also reserve the right, when permitted by law, to de-register the Variable Life Account under the 1940 Act, to restrict or eliminate any voting rights of the policy owners, and to combine the Variable Life Account with one or more of our other separate accounts.

The Funds serve as the underlying investment medium for amounts invested in life insurance company separate accounts funding both variable life insurance policies and variable annuity contracts as the investment medium for such policies and contracts issued by Minnesota Life and other affiliated and unaffiliated life insurance companies, and as the investment medium when used by both a life insurance company to fund its policies or contracts and a participating qualified plan to fund plan benefits. It is possible that there may be circumstances where it is disadvantageous for either: (i) the owners of variable life insurance policies and variable annuity contracts to invest in one of the Funds at the same time, or (ii) the owners of such policies and contracts issued by different life insurance companies to invest in one of the Funds at the same time or (iii) participating qualified plans to invest in shares of one of the Funds at the same time as one or more life insurance companies. Neither the Funds nor Minnesota Life currently foresees any disadvantage, but if one of the Funds determines that there is any such disadvantage due to a material conflict of interest between such policy owners and contract owners, or between different life insurance companies, or between participating qualified plans and one or more life insurance companies, or for any other reason, one of the Funds' Board of Directors will notify the life insurance companies and participating qualified plans of such conflict of interest or other applicable event. In that event, the life insurance companies or participating qualified plans may be required to sell the applicable Funds' shares with respect to certain groups of policy owners or contract owners, or certain participants in participating qualified plans, in order to resolve any conflict. The life insurance companies and participating qualified plans will bear the entire cost of resolving any material conflict of interest.

The Guaranteed Interest Account

The guaranteed interest account is a general account option. You may allocate net premiums and may transfer your account value subject to Policy limitations to the guaranteed interest account which is part of our general account.

Because of exemptive and exclusionary provisions, interests in our general account have not been registered under the Securities Act of 1933, and the general account has not been registered as an investment company under the 1940 Act. Therefore, neither the guaranteed interest account nor any interest therein is subject to the provisions of these Acts, and we have been advised that the staff of the SEC does not review disclosures relating to the guaranteed interest account. Disclosures regarding the guaranteed interest account may, however, be subject to certain generally applicable provisions of the Federal Securities Laws relating to the accuracy and completeness of statements made in prospectuses.

This prospectus describes a VAL Survivor insurance policy and is generally intended to serve as a disclosure document only for the aspects of the Policy relating to the sub-accounts of the Variable Life Account. For complete details regarding the guaranteed interest account, please see the VAL Survivor Policy.

General Account Description Our general account consists of all assets owned by us other than those in the Variable Life Account and any other separate accounts which we may establish. The guaranteed interest account is that portion of our general assets which is attributable to this Policy and policies of this class, exclusive of policy loans. The description is for accounting purposes only and does not represent a division of the general account assets for the specific benefit of contracts of this class. Allocations to the guaranteed interest account become part of our general assets and are used to support insurance and annuity obligations. Subject to applicable law, we have sole discretion over the investment of assets of the general account. Policy owners do not share in the actual investment experience of the assets in the general account.

You may allocate or transfer a portion or all of the net premiums to accumulate at a fixed rate of interest in the guaranteed interest account. We guarantee such amounts as to principal and a minimum rate of interest. Transfers to and from the guaranteed interest account to the sub-accounts of the Variable Life Account are subject to certain limitations with respect to timing and amount.

General Account Value We bear the full investment risk for amounts allocated to the guaranteed interest account. We guarantee that interest credited to each policy owner's account value in the guaranteed interest account will not be less than an annual rate of 3 percent without regard to the actual investment experience of the general account.

We may, at our sole discretion, credit a higher rate of interest, "excess interest," although we are not obligated to credit interest in excess of 3 percent per year, and may not do so. Any interest credited on the Policy's account value in the guaranteed interest account in excess of the guaranteed minimum rate per year will be determined at our sole discretion. You assume the risk that interest credited may not exceed the guaranteed minimum rate.

Even if excess interest is credited to your account value in the guaranteed interest account, we will not credit excess interest to that portion of the policy value which is in the loan account in the general account. However, such loan account will be credited interest at a rate which is not less than the policy loan interest rate minus 1 percent per year.

Payments Made by Underlying Mutual Funds

Minnesota Life pays the costs of selling Policies; some of these costs are described in more detail above in this prospectus. This benefits the underlying mutual funds by providing increased distribution of the shares of such funds. The underlying mutual funds, or their investment advisers or principal underwriters, may pay Minnesota Life (or Minnesota Life affiliates) a fee for the purpose of reimbursing Minnesota Life for the costs of certain distribution or operational services that Minnesota Life provides and that benefit the funds. Payments from an underlying fund that relate to distribution services are made pursuant to the fund's 12b-1 plan, under which the payments are deducted from the fund's assets and described in the fee table included in the fund's prospectus. 12b-1 payments from underlying funds in this Policy are 0.25 percent of fund assets held in the Variable Life Account.

In addition, payments may be made pursuant to service/administration agreements between Minnesota Life (or Minnesota Life affiliates) and the underlying mutual fund's investment adviser (or its affiliates), in which case payments are typically made from assets of that firm and not from the assets of the fund. Service and administrative payments reimburse Minnesota Life or its affiliates for such things as Minnesota Life's aggregation of all policy owner purchase, redemption, and transfer requests within the sub-accounts of the Variable Life Account each business day and the submission of one net purchase/redemption request to each underlying mutual fund. When the Variable Life Account aggregates such transactions through the Variable Life Account's omnibus account with an underlying mutual fund, the fund avoids the expenses associated with processing individual transactions. Those expenses are incurred by Minnesota Life as part of its policy administration. Service and administrative payments received by Minnesota Life or its affiliates range in amounts from 0 percent to 0.25 percent of fund assets held in the Variable Life Account.

Minnesota Life took into consideration anticipated payments from underlying mutual funds held in the Variable Life Account when it determined the charges that are assessed under the Policy. Without these payments, certain Policy charges would likely be higher than they are currently.

Minnesota Life considers profitability when determining the charges in the Policy. In early policy years, Minnesota Life does not anticipate earning a profit, since that is a time when administrative and distribution expenses are typically higher. Minnesota Life does, however, anticipate earning a profit in later policy years. In general, Minnesota Life's profit will be greater the longer a Policy is held and the greater a Policy's investment return.

Detailed Information about the
Variable Adjustable Life Survivor Insurance Policy

Adjustable Life Insurance

This Policy pays a death benefit at the death of the second to die of two named insureds. This Policy, like conventional adjustable life insurance, permits you to determine the amount of life insurance protection you need and the amount of money you plan to pay. Based on your selection of the premium, face amount and death benefit option, we will calculate the guaranteed plan of insurance.

Generally speaking, as long as premiums are paid as planned, a plan of insurance refers to the period during which insurance is guaranteed and the period during which you have planned to pay premiums. In defining the guaranteed plan of insurance, we use certain assumptions for mortality, expenses and investment returns. The tabular value represents what the policy value would be if the actual experience of the Policy were to match exactly with the mortality, expense and investment return assumptions used in calculating the guaranteed plan of insurance. Thus, adjustable life allows you the flexibility to customize a Policy to meet your needs. Theoretically, each Policy can be unique because of the different combinations of ages, amount of life insurance protection and premium. In addition, adjustable life is designed to adapt to your changing needs and objectives by allowing you to change your Policy after issue. You may adjust the face amount and premium level, and thus the plan of insurance, subject to the limitations described herein, so long as the Policy remains in force.

Flexibility at Issue Subject to certain minimums, maximums and our underwriting standards, you may choose any level of premium or death benefit that you wish. This flexibility results in a broad range of plans of insurance.

Whole life plans of insurance provide life insurance in an amount at least equal to the face amount at the second death whenever that occurs. Premiums may be payable for a specified number of years or until the second death.

Protection plans of insurance provide life insurance in an amount at least equal to the face amount for a specified period, with premiums payable for the same specified period.

The larger the premium you pay, the larger the policy values you may expect to be available for investment in the Fund Portfolios. Under the Policy, the highest premium permitted at the time of issue, for a specific death benefit, is one which will provide a fully paid-up Policy after the payment of ten annual base premium payments. A Policy becomes paid-up when its policy value is such that no further premiums are required to provide the death benefit until the second death, provided there is no policy indebtedness.

Examples of whole life plans include Policies which become paid-up upon the payment of a designated number of annual premiums, such as ten pay life or twenty pay life. If you select a premium level for a specific face amount which would cause the Policy to become paid-up at other than a policy anniversary, you will be required to pay premiums until the policy anniversary immediately following the date the Policy is scheduled to become paid-up.

Your Policy may contain the Enhanced Guarantee Choice Agreement which provides for an improved guaranteed plan of insurance if you elect to participate in an Acceptable Allocation Program (AAP). For whole life plans of insurance, an improved guaranteed plan of insurance means that premiums are required for a shorter period of time; for protection plans of insurance, an improved guaranteed plan of insurance means that the specified period of coverage will be longer. For each AAP, we will choose a specific group of sub-accounts and determine the proportion of all transactions that will be allocated to each of those sub-accounts. You will have several AAPs from which to choose. In order to preserve the chosen proportion, you must agree to certain limitations regarding the allocation of premiums,

transfers of policy values, allocation of partial surrenders, allocation of policy loans, and allocation of monthly charges described elsewhere in this prospectus. From time to time we may change the AAPs which we offer.

The lowest annual base premium allowed for any plan of insurance is $600. Subject to this limitation, the lowest premium you may choose for any specific amount of life insurance protection is a premium which will provide a death benefit for a period of ten years from the policy date.

The minimum initial face amount on a Policy is $200,000.

Policy Adjustments

Adjustable life insurance policies allow you to change the premium, face amount or the death benefit option of the Policy after it is issued. Subject to the limitations described more fully below, you can at any time change the face amount, the death benefit option or your premium. Any of those changes will usually result in a change in the plan of insurance. Depending upon the change you request, the premium paying period or the guaranteed period of coverage may be lengthened or shortened.

Changes in premium, face amount or the death benefit option are referred to as policy adjustments. A partial surrender of a Policy's cash value, an adjustment so that there are no further base premiums, a change in underwriting classification or any change requiring evidence of insurability are also policy adjustments. All adjustments may be made singly or in combination with another.

If you add or remove the Enhanced Guarantee Choice Agreement or change to another AAP, we will adjust the policy. The face amount and premium of the policy will remain unchanged, but the resulting plan of insurance may be different as a result of the policy adjustment.

Ordinarily the payment of a non-repeating premium does not cause an adjustment to the Policy; however, when a non-repeating premium is received in connection with a Section 1035 exchange, we will automatically adjust your Policy.

When a Policy is adjusted, we compute the new plan of insurance, face amount or premium amount. If your Policy has the Cash Option and a partial surrender of account value is made, the Policy will be automatically adjusted to a new face amount which will be equal to the old face amount less the amount of the partial surrender. You may also adjust your Policy so that the base premium is zero. An adjustment providing for no further base premium is also referred to as a "stop premium" mode and is described in "Non-Payment of Premiums and Termination" under "Policy Premiums." Certain adjustments may cause a Policy to become a modified endowment contract. See "Federal Tax Status" for a description of the federal tax treatment of modified endowment contracts.

In computing a new plan of insurance as a result of an adjustment, we will make the calculation on the basis of the higher of the Policy's "tabular value" or 75 percent of the Policy's "policy value" at the time of the change. The "policy value" is the account value of the Policy plus the amount of any policy loan, while the "tabular value" is the value underlying the guaranteed plan of insurance. If 75 percent of the policy value is higher than the tabular value, a policy adjustment will translate the excess value into an improved plan of insurance. If 75 percent of the policy value is less than the tabular value, using the tabular value ensures that the Policy's guarantee of a minimum death benefit is not impaired by the adjustment.

Any adjustment will result in a redetermination of a Policy's tabular value. After adjustment, the tabular value shall be equal to the greater of 75 percent of the policy value or the tabular value prior to that adjustment, plus any non-repeating premium paid at the time of the adjustment and minus the amount of any partial surrender made at the time of the adjustment. For any policy adjustment on a

policy with the Enhanced Guarantee Choice Agreement, we will calculate a new plan of insurance on the basis of the greater of the tabular value or 80 percent of the policy value. After the adjustment, the new tabular value will equal the greater of 80 percent of the policy value or the old tabular value.

On adjustment, you may request a new Policy face amount. In the absence of your instructions, we will calculate the face amount after adjustment depending on the Policy's death benefit option and the type of adjustment. If the Policy has the Cash Option, we will reduce the face amount by the amount of any partial surrender. With the Protection Option, we will not reduce the face amount, but the death benefit will be reduced by the amount of the partial surrender.

All of these changes may be accomplished under a single Policy. There is no need to surrender the Policy or purchase a new one simply because of a change in your insurance needs. Whenever adjustments are made, new policy information pages will be provided. These pages state the new face amount, death benefit option, premium, plan of insurance and attained ages of both insureds.

Adjustments can be made on any monthly anniversary of the policy date; only one adjustment may be made each month. You may request a policy adjustment by completing an application for adjustment. Any adjustment will be effective on the date that it is approved by us and recorded at our home office.

Restrictions on Adjustments An adjustment must satisfy certain limitations on premiums, face amount and plan of insurance. Limitations are also designed to ensure that the Policy qualifies as life insurance for federal tax purposes. Other limitations on adjustments and combinations of adjustments may also apply. The current limits on adjustments are those described here. We reserve the right to change these limitations from time to time.

(1) Any adjustment for a change of premium must result in a change of the annual premium of at least $300.

(2) Any Policy adjustment, other than a change to a stop premium, must result in a Policy with an annual base premium of at least $600.

(3) Any adjustment for a change of the face amount must result in a change of the face amount of at least $50,000, except for a partial surrender.

(4) An adjustment may not result in more than a paid-up whole life plan for the current face amount.

(5) Any adjustment involving an increase in premium may not result in a whole life plan of insurance requiring the payment of premiums for less than ten years.

(6) After an adjustment involving an increase in premium or net amount of risk, the Policy must provide insurance to the next policy anniversary at or after ten years from the date of adjustment.

(7) An adjustment to stop premium requires that a Policy have an account value at the time of the adjustment sufficient to keep the Policy in force until the next policy anniversary, unless the next anniversary is less than four months following the adjustment date. In that case there must be sufficient account value to keep the Policy in force until the second anniversary following the adjustment date.

(8) After any adjustment, other than those described in (6) and (7), the Policy must provide insurance to the later of: (a) the anniversary at or following four months from the date of adjustment; or (b) ten years from the policy date.

(9) No adjustments may be made during the first policy year.

Proof of Insurability We require proof of insurability for all adjustments resulting in an increase in death benefit. In addition, except for partial surrenders to pay premiums on any benefits and riders, we require proof of insurability for partial surrenders where, at the request of the policy owner, no

reduction is made in the Policy's death benefit. Decreases in face amount or premium and increases in premium not resulting in any increase in death benefit do not require evidence of insurability. We may require evidence of insurability when a non-repeating premium is paid if the death benefit of your Policy increases as a result of the payment of a non-repeating premium.

We may also require evidence of insurability to change underwriting classification or to add additional benefits.

Charges in Connection with Policy Adjustments In connection with a policy adjustment, we will make a $95 charge to cover the administrative costs associated with processing the adjustment. If, however, the only policy adjustment is a partial surrender, the transaction charge shall be the lesser of $25 or 2 percent of the amount surrendered. In addition, because of the underwriting and selling expenses anticipated for any change resulting in an increase in premium or net amount at risk, we will assess a policy issue charge for an adjustment. See "Policy Charges."

The chart below illustrates the effect of certain policy adjustments:

Adjustment	Effect
Decrease the face amount and keep premiums the same OR Keep the face amount the same and increase premiums OR Keep the face amount and premiums the same, and switch from the Protection Option to the Cash Option	The guaranteed period of coverage will generally be longer OR The premium paying period will generally be shorter
Increase the face amount and keep premiums the same OR Keep the face amount the same and decrease premiums OR Keep the face amount and premiums the same, and switch from the Cash Option to the Protection Option	The guaranteed period of coverage will generally be shorter OR The premium payment period will generally be longer

Applications and Policy Issue

Persons wishing to purchase a Policy must send a completed application to us at our home office. The minimum face amount we will issue on a Policy is $200,000 and we require an annual base premium on each Policy of at least $600. The minimum plan of insurance at policy issue is a protection plan of insurance which has a level face amount for a period of ten years. Both insureds must be between age 20 and age 90 inclusive when the policy is issued. Before issuing any Policy, we require evidence of insurability on both insureds satisfactory to us, which in some cases will require a medical examination. Persons who present a lower mortality risk are offered the most favorable premium rates, while a higher premium is charged to persons with a greater mortality risk.

Acceptance of an application is subject to our underwriting rules and we reserve the right to reject an application for any reason.

If we accept an application, accompanied by a check for all or at least one-twelfth of the annual premium, the policy date will be the issue date, which is the date the decision to accept the application and issue the Policy is made. We will use the policy date to determine subsequent policy anniversaries and premium due dates.

If we accept an application not accompanied by a check for the initial premium, a Policy will be issued with a policy date which is 25 days after the issue date. We have determined 25 days to be the normal

time during which delivery of the Policy is expected to occur. No life insurance coverage is provided until the initial premium is paid. If the initial premium is paid after the policy date (and the policy date is not changed as described below), you will have paid for insurance coverage during a period when no coverage was in force. Therefore, in such circumstance you should consider requesting a current policy date, i.e., the date on which our home office receives the premium. You will be sent updated policy pages to reflect the change in policy date. This request should be made at or prior to the time you pay the initial premium.

In certain circumstances it may be to your advantage to have the policy date be the same as the issue date in order to preserve an issue age on which premium rates are based. In that case, all premiums due between the issue date and the date of delivery of the Policy must be paid on delivery.

When the Policy is issued, the face amount, premium, and a listing of any additional benefits are stated on the policy information pages of the policy form, page 1.

Policy Premiums

The Policies have a level premium. We guarantee that we will not increase the amount of premiums for a Policy in force. Subject to the limitations discussed in "Restrictions on Adjustments" under "Policy Adjustments," you may choose to adjust the Policy at any time and alter the amount of future premiums.

The initial premium will depend on the Policy's initial face amount, the death benefit option, the plan of insurance, the ages at issue, genders, risk classifications and tobacco use of each insured and the additional benefits associated with the Policy. The first premium is due as of the policy date and must be paid on or before the date your Policy is delivered. Between the date we receive an initial premium for the Policy, either a full first premium or a partial premium, and the date insurance coverage commences under the Policy, insurance may be in effect under the terms of a temporary insurance agreement. All scheduled premiums after the first premium are payable on or before the date they are due and must be mailed to us at our home office. In some cases, you may elect to have premiums paid under our automatic payment plan through pre-authorized transfers from a bank checking account or such other account as your bank approves.

Premiums on the Policy are payable on an annual, semi-annual or quarterly basis on the due dates set forth in the Policy. You may also pay premiums monthly if you make arrangements for payments through an automatic payment plan established through your bank or if you meet the requirements to establish a payroll deduction plan through your employer. A premium may be paid no earlier than twenty days prior to the date that it is due. You may pay the premium during the 61-day period immediately following the premium due date. Your premium payment, however, must be received in our home office within the 61-day grace period. Insurance will continue during this 61-day period. If the second death occurs during the 61-day period, we will deduct unpaid policy charges for that period from the death proceeds. If premiums are paid on or before the dates they are due or within the grace period, absent any policy loans, the Policy will remain in force even if the investment results of the sub-accounts have been so unfavorable that the account value has decreased to zero. However, should the account value decrease to zero while there is an outstanding policy loan the Policy will terminate, even if the Policy was paid-up and all premiums had been paid.

Charges for additional benefits are deducted from premiums to calculate base premiums. From base premiums we deduct charges assessed against premiums and non-repeating premiums to calculate net premiums.

Net premiums are allocated to the guaranteed interest account or sub-accounts of the Variable Life Account which, in turn, invest in Fund shares.

In rare circumstances, if we receive and allocate your premium before its due date, your Policy will become a modified endowment contract. See "Federal Tax Status." To prevent your Policy from becoming a modified endowment contract, we will hold your premium in a non-interest bearing account until its due date, at which time we will allocate your premium to the guaranteed interest account or sub-accounts of the Variable Life Account.

You select your allocation of net premiums on your application for the Policy. You may change your allocation instructions for future premiums by giving us a signed written request, by calling us at 1-800-277-9244 between the hours of 8:00 a.m. and 4:30 p.m., Central time, our regular business hours, or by contacting us through our Internet Online Service Center. The allocation to the guaranteed interest account or to any sub-account of the Variable Life Account must be in multiples of 1 percent of the net premium. We reserve the right to delay the allocation of net premiums to named sub-accounts for a period of up to 30 days after Policy issue or an adjustment involving an increase in premium. In no event will any delay extend beyond the free look period applied to the Policy in the state in which it is issued. If we exercise this right, we will allocate net premiums to the money market sub-account until the end of that period. This right, which has not been implemented to date, will be exercised by us only when we believe economic conditions make such an allocation necessary to reduce market risk during the free look period.

We reserve the right to restrict the allocation of premiums to the guaranteed interest account. If we do so, no more than 25 percent of the net premium may be allocated to the guaranteed interest account. We also reserve the right to restrict the allocation of premiums to the guaranteed interest account if the current interest rate we credit to the guaranteed interest account equals the minimum guaranteed interest rate. Currently, we do not exercise these restrictions.

If you have a policy with the Enhanced Guarantee Choice Agreement, you must allocate net premiums according to the Acceptable Allocation Program that you have chosen. You may change to another Acceptable Allocation Program once every three years.

Non-repeating Premiums The Policy also allows a policy owner to pay a premium called a non-repeating premium. This payment of premium is in addition to the planned premiums. The payment of a non-repeating premium will increase the policy values you have available for investment in the Fund. The maximum non-repeating premium we will accept is the amount sufficient to change your Policy to a paid-up whole life policy for the face amount. The minimum non-repeating premium is $500.

We will bill annually, semi-annually or quarterly for non-repeating premiums if a Policy has a total annual premium of at least $2,400 and if the total annual amount billed for non-repeating premiums is at least $600. You may also arrange for monthly payments through an automatic payment plan established through your bank; in this situation, your base annual premium must be at least $2,400 and each non-repeating premium must be at least $50.

We may impose additional restrictions or refuse to permit non-repeating premiums at our discretion.

The payment of a non-repeating premium may have Federal income tax consequences. See "Federal Tax Status."

Paid-Up Policies A Policy is paid-up when no additional premiums are required to provide the face amount of insurance. We may or may not accept additional premiums. However, the account value of a paid-up Policy will continue to vary daily to reflect the investment experience of the Variable Life Account and any interest credited as a result of a policy loan. Once a Policy becomes paid-up, it will always retain its paid-up status regardless of any subsequent decrease in its policy value. However, on a paid-up Policy with indebtedness, where the account value decreases to zero, a loan repayment may be required to keep the Policy in force. See "Policy Loans."

We will make a determination on each policy anniversary as to whether a Policy is paid-up. When a Policy becomes paid-up, we will send you a notice.

Non-Payment of Premiums and Termination If your Policy has an Automatic Premium Loan (APL) provision, and if a premium is not paid by the end of the 61 day grace period, we will make an automatic premium loan. In order to do this, the amount available for a loan must be enough to pay at least a quarterly premium and any policy loan interest due. We will make automatic premium loans unless you have requested us not to. See "Policy Loans."

If there is not enough loan value to make an Automatic Premium Loan, we will automatically adjust your Policy to stop paying base premiums. Your Policy must have sufficient account value to pay all monthly charges until the next policy anniversary unless the next anniversary is less than four months following the adjustment date. If the next anniversary is less than four months following the adjustment date, there must be sufficient account value to pay all monthly charges until the second anniversary following the adjustment date. The Policy will be adjusted on the basis of no additional base premium and, unless you instruct us otherwise, we will maintain the death benefit in effect at the time of the adjustment. You will be required to pay premiums for additional benefits.

If there is not sufficient account value to adjust to stop premium, you will have a grace period of 61 days from the premium due date during which you may make a payment sufficient to keep the Policy in force. We will send a notice to you stating the amount of payment required to keep your Policy in force. If the payment is not made by the end of the 61 day grace period, your Policy will terminate. However, even if your Policy terminates, we will pay you any remaining surrender value as described in " Payment of Proceeds" under "Other Policy Provisions."

If your Policy does not have an Automatic Premium Loan provision, and if a premium is not paid by the end of the 61 day grace period, we will automatically adjust your Policy to stop paying base premiums. Your Policy must have sufficient account value to pay all monthly charges until the next policy anniversary unless the next anniversary is less than four months following the adjustment date. If the next anniversary is less than four months following the adjustment date, there must be sufficient account value to pay all monthly charges until the second anniversary following the adjustment date. The Policy will be adjusted on the basis of no additional base premium and, unless you instruct us otherwise, we will maintain the death benefit in effect at the time of the adjustment. You will be required to pay premiums for additional benefits. If there is not sufficient account value to adjust to stop premium, you will have a grace period of 61 days from the premium due date during which you may make a payment sufficient to keep the Policy in force. We will send a notice to you stating the amount of payment required to keep your Policy in force. If the payment is not made by the end of the 61 day grace period, your Policy will terminate. However, even if your Policy terminates, we will pay you any remaining surrender value as described in " Payment of Proceeds" under "Other Policy Provisions."

In addition, your Policy will terminate if it has indebtedness and no account value. See "Policy Loans."

Reinstatement At any time within three years from the date of lapse you may ask us to restore your Policy to a premium paying status unless the Policy terminated because the surrender value has been paid. We will require:

(1) your written request to reinstate the Policy; and

(2) that you submit to us at our home office during the lifetime of both insureds evidence satisfactory to us of the insurability of both insureds so that we may have time to act on the evidence during the lifetime of both insureds; and

(3) a payment which is equal to any unpaid monthly charges at the end of the grace period, all back premiums for additional benefits and all back policy issue charges, all with interest at the reinstatement rate shown on page 1 of the Policy; and

(4) a payment sufficient to pay all premiums due on your Policy to your next policy anniversary but no less than a quarterly premium; and

(5) if necessary, a payment that would assure that the resulting guaranteed plan of insurance after the reinstatement satisfies the plan limitations at reinstatement.

The plan limitations at reinstatement require that, after reinstatement, the Policy must provide a level face amount of insurance to the latest of:

(1) ten years from the policy date; or

(2) the anniversary at or following ten years from the most recent adjustment that resulted in an increase in either the base premium or net amount at risk; or

(3) the anniversary at or following four months from the reinstatement.

Account Value

The Policy has an account value which varies with the investment experience of the guaranteed interest account and the sub-accounts of the Variable Life Account. The account value equals the value of the guaranteed interest account and the value of the sub-accounts of the Variable Life Account. It is determined separately for the account value of your guaranteed interest account and for the account value of your separate account. The account value of the separate account will include all sub-accounts of the Variable Life Account. However, account value does not include the loan account. See "Policy Loans."

Unlike a traditional fixed benefit life insurance policy, a Policy's account value cannot be determined in advance, even if premiums are paid as planned, because the account value of the separate account varies daily with the investment performance of the sub-accounts. Even if you continue to pay premiums as planned, the account value of the separate account of a Policy could decline to zero because of unfavorable investment experience and the assessment of charges.

Upon request, we will tell you the account value of your Policy. We will also send you a report each year on the policy anniversary advising you of your Policy's account values, the face amount and the death benefit as of the date of the report. It will also summarize Policy transactions during the year. The information will be current as of a date within two months of its mailing.

The account value of the guaranteed interest account is the sum of all net premium payments allocated to the guaranteed interest account. This amount will be increased by any interest, asset credits, loan repayments, policy loan interest credits and transfers into the guaranteed interest account. Asset credits are determined using experience factors based on anticipated mortality, expenses and investment returns. Asset credits are not guaranteed. Currently the amount credited is 1/12 of an annual percentage which varies between 0.35 percent and 0.75 percent depending on the amount of the account value.

This amount will be reduced by any policy loans, unpaid policy loan interest, partial surrenders, transfers into the sub-accounts of the Variable Life Account and charges assessed against the account value of your guaranteed interest account. We credit interest on the account value of the guaranteed interest account of your Policy daily at a rate of not less than 3 percent per year, compounded annually. We guarantee this minimum rate for the life of the Policy without regard to the actual experience of the general account. As conditions permit, we will credit additional amounts of interest

to the account value of the guaranteed interest account. The account value of the guaranteed interest account is guaranteed by us. It cannot be reduced by any investment experience of the general account.

We determine each portion of the account value of the separate account separately. The account value of the separate account is not guaranteed. We determine the account value of the separate account by multiplying the current number of sub-account units credited to a Policy by the current sub-account unit value. A unit is a measure of your Policy's interest in a sub-account. The number of units credited with respect to each net premium payment is determined by dividing the portion of the net premium payment allocated to each sub-account by the then current unit value for that sub-account. The number of units credited is determined as of the end of the valuation period during which we receive your premium at our home office.

Once determined, the number of units credited to your Policy will not be affected by changes in the unit value. However, the number of units will be increased by the allocation of subsequent net premiums, non-repeating premiums, asset credits, loan repayments, loan interest credits and transfers to that sub-account. The number of units will be decreased by policy charges to the sub-account, policy loans and loan interest, transfers from that sub-account and partial surrenders from that sub-account. The number of units will decrease to zero when the Policy is surrendered or terminated.

The unit value of a sub-account will be determined on each valuation date. The amount of any increase or decrease will depend on the net investment experience of that sub-account. The value of a unit for each sub-account was originally set at $1.00 on the first valuation date. For any subsequent valuation date, its value is equal to its value on the preceding valuation date multiplied by the net investment factor for that sub-account for the valuation period ending on the subsequent valuation date.

The net investment factor for a valuation period is: the gross investment rate for such valuation period, less a deduction for the mortality and expense risk charge under this Policy which is assessed at an annual rate of .50 percent against the average daily net assets of each sub-account of the Variable Life Account. The gross investment rate is equal to:

(1) the net asset value per share of a Fund share held in the sub-account of the Variable Life Account determined at the end of the current valuation period; plus

(2) the per share amount of any dividend or capital gain distributions by the Funds if the "ex-dividend" date occurs during the current valuation period; with the sum divided by

(3) the net asset value per share of that Fund share held in the sub-account determined at the end of the preceding valuation period.

We determine the value of the units in each sub-account on each day on which the Portfolios of the Funds are valued. The net asset value of the Funds' shares is computed once daily, and, in the case of the Money Market Portfolio, after the declaration of the daily dividend, as of the primary closing time for business on the New York Stock Exchange (as of the date hereof the primary close of trading is 3:00 p.m. (Central time), but this time may be changed) on each day, Monday through Friday, except:

(1) days on which changes in the value of the Funds' portfolio securities will not materially affect the current net asset value of the Funds' shares,

(2) days during which no Funds' shares are tendered for redemption and no order to purchase or sell the Funds' shares is received by the Funds and

(3) customary national business holidays on which the New York Stock Exchange is closed for trading.

Although the account value for each Policy is determinable on a daily basis, we update our records to reflect that value on each monthly anniversary. We also make policy value determinations on the date of the second death and on a policy adjustment, surrender, and termination. When the policy value is determined, we will assess and update to the date of the transaction those charges made against and credits to your account value, namely the monthly policy charge, the policy issue charge, the cost of insurance charge, the cash extra charge, the surrender charge (if applicable) and the asset credit. Increases or decreases in policy values will not be uniform for all Policies but will be affected by policy transaction activity, policy charges, and the existence of policy loans.

Transfers The Policy allows for transfers of the account value between the guaranteed interest account and the Variable Life Account or among the sub-accounts of the Variable Life Account. You may request a transfer at any time while the Policy remains in force or you may arrange in advance for systematic transfers; systematic transfers are transfers of specified dollar or unit value amounts to be made periodically among the sub-accounts and the guaranteed interest account. One type of systematic transfer is known as an automatic portfolio rebalancing ("APR"). Following your written instructions as to the percentage of your account value you wish to have in each of your sub-accounts, we will transfer amounts to and from those sub-accounts to achieve the percentages you desire.

We reserve the right to limit the amount to be transferred to or from a sub-account or the guaranteed interest account to at least $250. If the account value in an account is less than $250, the entire account value attributable to that sub-account or the guaranteed interest account must be transferred. If a transfer would reduce the account value in the sub-account from which the transfer is to be made to less than $250, we reserve the right to include that remaining sub-account account value in the amount transferred. We will make the transfer on the basis of sub-account unit values as of the end of the valuation period during which your written or telephone request is received at our home office. A transfer is subject to a transaction charge, not to exceed $25, for each transfer of account value among the sub-accounts and the guaranteed interest account. Currently, there is no charge for systematic transfers. There is a $10 charge only for non-systematic transfers in excess of 12 per year.

If you have a policy with the Enhanced Guarantee Choice Agreement, we will automatically rebalance your sub-accounts quarterly. No other transfers will be permitted.

Your instructions for transfer may be made in writing or you, or your agent if authorized by you, may make such changes by telephone. To do so, you may call us at 1-800-277-9244 between the hours of 8:00 a.m. and 4:30 p.m., Central time, our regular business hours. Policy owners may also submit their requests for transfer, surrender or other transactions to us by facsimile (FAX) transmission at (651) 665-4194, or by contacting us through our Internet Online Service Center.

Transfers made pursuant to a telephone call or through the internet are subject to the same conditions and procedures as would apply to written transfer requests. During periods of marked economic or market changes, you may have difficulty due to a heavy volume of telephone calls or internet activity. In such a circumstance, you should consider submitting a written transfer request while continuing to attempt a telephone or internet transaction. We reserve the right to restrict the frequency of, or otherwise modify, condition, terminate or impose charges upon, telephone or internet transfer privileges. For more information on telephone or internet transactions, contact us.

With all telephone or internet transactions, we will employ reasonable procedures to satisfy ourselves that instructions received from policy owners are genuine and, to the extent that we do not, we may be liable for any losses due to unauthorized or fraudulent instructions. We require policy owners to identify themselves through policy numbers, social security numbers and such other information we deem reasonable. We record telephone transfer instruction conversations and we provide the policy owners with a written confirmation of the telephone or internet transfer.

We reserve the right to restrict the dollar amount of any transfer to or from the guaranteed interest account. In addition, transfers to or from the guaranteed interest account may be limited to one such transfer per policy year.

Transfers to or from the guaranteed interest account may be made by a written or telephone request or through the internet. Your request must be received by us or postmarked in the 30-day period before or after the last day of the policy year. Currently we do not impose this time restriction. Written requests for transfers which meet these conditions will be effective after we approve and record them at our home office.

Market-Timing and Disruptive Trading This Policy is not designed to be used as a vehicle for frequent trading (i.e., transfers) in response to short-term fluctuations in the securities markets, often referred to generally as "market-timing." Market-timing activity and frequent trading in your Policy can disrupt the efficient management of the underlying portfolios and their investment strategies, dilute the value of portfolio shares held by long-term shareholders, and increase portfolio expenses (including brokerage or other trading costs) for all portfolio shareholders, including long-term policy owners invested in affected portfolios who do not generate such expenses. It is the policy of Minnesota Life to discourage market timing and frequent transfer activity, and, when Minnesota Life becomes aware of such activity, to take steps to attempt to minimize the effect of frequent trading activity in affected portfolios. You should not purchase this Policy if you intend to engage in market-timing or frequent transfer activity.

We have developed policies and procedures to detect and deter market-timing and other frequent transfers, and we will not knowingly accommodate or create exceptions for policy owners engaging in such activity. We employ various means to attempt to detect and deter market-timing or other abusive transfers. However, our monitoring may be unable to detect all harmful trading nor can we ensure that the underlying portfolios will not suffer disruptions or increased expenses attributable to market-timing or abusive transfers resulting from other insurance carriers which invest in the same portfolios. In addition, because market timing can only be detected after it has occurred to some extent, our policies to stop market timing activity do not go into effect until after we have identified such activity.

We reserve the right to restrict the frequency of - or otherwise modify, condition or terminate - any transfer method(s). Your transfer privilege is also subject to modification if we determine, in our sole discretion, that the exercise of the transfer privilege by one or more policy owners is or would be to the disadvantage of other policy owners. Any new restriction that we would impose will apply to your Policy without regard to when you purchased it. We also reserve the right to implement, administer, and charge you for any fees or restrictions, including redemption fees that may be imposed by an underlying portfolio attributable to transfers in your Policy. We will consider one or more of the following factors:

- the dollar amount of the transfer(s);
- whether the transfers are part of a pattern of transfers that appear designed to take advantage of market inefficiencies;
- whether an underlying portfolio has requested that we look into identified unusual or frequent activity in a portfolio;
- the number of transfers in the previous calendar quarter;
- whether the transfers during a quarter constitute more than two "round trips" in a particular portfolio. A round trip is a purchase into a portfolio and a subsequent redemption out of the portfolio, without regard to order.

In the event your transfer activity is identified as disruptive or otherwise constitutes a pattern of market-timing, you will be notified in writing that your transfer privileges will be restricted in the

future if the activity continues. Upon our detecting further prohibited activity, you will be notified in writing that your transfer privileges are limited to transfer requests delivered via regular U.S. mail only. No fax, voice, internet, courier or express delivery requests will be accepted. The limitations for the transfer privileges in your Policy will be permanent.

None of these limitations apply to transfers under systematic transfer programs such as Dollar Cost Averaging or Automatic Portfolio Rebalancing.

Death Benefit Options

The death benefit provided by the Policy depends upon the death benefit option you choose. You may choose one of two available death benefit options -- the Cash Option or the Protection Option. If you fail to make an election, the Cash Option will be in effect. The death benefit will never be less than the minimum death benefit required under Section 7702 of the Internal Revenue Code so that the Policy qualifies as a life insurance policy under the cash value accumulation test. Under that test, there is no limit to the amount that may be paid in premiums as long as there is enough death benefit in relation to the account value at all times. The death benefit at all times must be at least equal to an actuarially determined factor depending on the age, gender and risk class of each insured at any point in time, multiplied by the account value.

Cash Option Under the Cash Option, the death benefit will be the larger of:

(a) the face amount at the time of the second death; or

(b) the minimum death benefit required to qualify under Section 7702.

The death benefit will not vary unless the death benefit is the minimum death benefit required under Section 7702.

Protection Option Under the Protection Option, the death benefit will be the larger of:

(a) the face amount, plus the policy value, at the time of the second death; or

(b) the minimum death benefit required to qualify under Section 7702.

The death benefit provided by the Protection Option will vary depending on the investment experience of the allocation options you select.

The Protection Option is only available until the policy anniversary nearest the younger insured's age 120; at that time we will convert the death benefit option to the Cash Option.

Choosing the Death Benefit Option The different death benefit options meet different needs and objectives. If you are satisfied with the amount of your insurance coverage and wish to have any favorable policy performance reflected to the maximum extent in increasing account values, you should choose the Cash Option. The Protection Option results primarily in an increased death benefit. In addition, there are other distinctions between the two options which may influence your selection. Given the same face amount and premium the Cash Option will provide guaranteed coverage for a longer period than the Protection Option. This is because of larger cost of insurance charges under the Protection Option resulting from the additional amount of death benefit. But under the Cash Option, favorable policy performance does not generally increase the death benefit, and the beneficiary will not benefit from any larger account value which exists at the time of the second death because of the favorable policy performance.

You may change the death benefit option while the Policy is in force through a policy adjustment. We may require that you provide us with satisfactory evidence of the insurability of both insureds before we make a change to the Protection Option. The change will take effect when we approve and record it

in our home office. A change in death benefit option may have Federal income tax consequences. See "Federal Tax Status."

Policy Loans

You may borrow from us using only your Policy as the security for the loan. The total amount of all loans you request may not exceed 90 percent of your policy value less the surrender charge. A loan taken from, or secured by a Policy, may have Federal income tax consequences. See "Federal Tax Status."

The policy value is the account value of your Policy plus any policy loan. Any policy loan paid to you in cash must be in an amount of at least $100. Policy loans in smaller amounts are allowed under the automatic premium loan provision. We will deduct interest on the loan in arrears. You may obtain a policy loan with a written request or by calling us at 1-800-277-9244 between the hours of 8:00 a.m. and 4:30 p.m., Central time, our regular business hours. If you call us you will be asked, for security purposes, for your personal identification and policy number. The Policy will be the only security required for your loan. We will determine your policy value as of the date we receive your request at our home office.

When you take a loan, we will reduce both the death benefit and the account value by the amount you borrow and any unpaid interest. Unless you direct us otherwise, we will take the policy loan from the account value of the guaranteed interest account and the account value of the separate account on a pro-rata basis, and from each sub-account in the separate account on a pro-rata basis. If you have a policy with the Enhanced Guarantee Choice Agreement, we will take all policy loans on a pro-rata basis.

The number of units to be sold will be based upon the value of the units as of the end of the valuation period during which we receive your loan request at our home office. This amount shall be transferred to the loan account. The loan account balance is the sum of all outstanding loans under the Policy, and it continues to be part of the Policy in the general account. A policy loan has no immediate effect on policy value since at the time of the loan the policy value is the sum of your account value and any policy loan.

The account value of your Policy may decrease between premium due dates. Unfavorable investment experience and the assessment of charges could cause the account value of the separate account to decline to zero. If your Policy has indebtedness and no account value, the Policy will terminate and there may be adverse tax consequences; see "Federal Tax Status." In this event, to keep your Policy in force, you will have to make a loan repayment. We will give you notice of our intent to terminate the Policy and the loan repayment required to keep it in force. The time for repayment will be within 61 days after our mailing of the notice.

Policy Loan Interest The interest rate on a policy loan will not be more than the rate shown on page 1 of your Policy. The interest rate charged on a policy loan will not be more than that permitted in the state in which the Policy is delivered. Currently the interest rate is 5 percent.

Policy loan interest is due:

- on the date of the second death
- on a policy adjustment, surrender, termination, or policy loan transaction
- on each policy anniversary.

If you do not pay the interest on your loan in cash, your policy loan will be increased and your account value will be reduced by the amount of the unpaid interest. The new loan will be subject to the same rate of interest as the loan in effect.

We will also credit interest to your Policy when there is a policy loan. Interest credits on a policy loan shall be at a rate which is not less than your policy loan interest rate minus 1 percent per year. We allocate policy loan interest credits to your account value as of the date of the second death, on a policy adjustment, surrender, termination, a policy loan transaction and on each policy anniversary. We allocate interest credits to the guaranteed interest account and separate account following your instructions for the allocation of net premiums.

Currently, the loan account credits interest, as described above, at a rate which is not less than your policy loan interest rate minus 1 percent per year. However, if the Policy has been in force for ten years or more, we will credit your loan at a rate which is equal to the policy loan rate minus .25 percent per year.

Policy loans may also be used as automatic premium loans to keep your Policy on a premium paying basis if a premium is unpaid at the end of the grace period. We will make automatic premium loans unless you have requested us not to. Interest on such a policy loan is charged from the date the premium was due. However, in order for an automatic premium loan to occur, the amount available for a loan must be enough to pay at least a quarterly premium. If the loan value is not enough to pay at least a quarterly premium, we will follow the procedures described in "Non-Payment of Premiums and Termination" under "Policy Premiums."

Policy Loan Repayments If your Policy is in force, you may repay your loan in part or in full at any time before the second death. Your loan may also be repaid within 60 days after the date of the second death, if we have not paid any of the benefits under the Policy. Any loan repayment must be at least $100 unless the balance due is less than $100. We will waive this minimum loan repayment provision for loan repayments made under our automatic payment plan where loan repayments are in an amount of at least $25.

We allocate loan repayments to the guaranteed interest account until all loans from the guaranteed interest account have been repaid. Thereafter we allocate loan repayments to the guaranteed interest account or the sub-accounts of the Variable Life Account as you direct. In the absence of your instructions, we will allocate loan repayments to the account value of the guaranteed interest account and the account value of the separate account on a pro-rata basis, and to each sub-account in the separate account on a pro-rata basis. We reserve the right to restrict the amount of any loan repayment allocated to the guaranteed interest account.

Loan repayments reduce your loan account by the amount of the loan repayment.

A policy loan, whether or not it is repaid, will have a permanent effect on the policy value because the investment results of the sub-accounts will apply only to the amount remaining in the sub-accounts. The effect could be either positive or negative. If net investment results of the sub-accounts are greater than the amount being credited on the loan, the policy value will not increase as rapidly as it would have if no loan had been made. If investment results of the sub-accounts are less than the amount being credited on the loan, the policy value will be greater than if no loan had been made.

Surrender

You may request a surrender or partial surrender of your Policy at any time while either insured is living. The surrender value of the Policy is the account value plus asset credits and loan interest credits and minus unpaid loan interest and any unpaid policy charges which are assessed against the account value and less the surrender charge. We determine the surrender value as of the end of the valuation period during which we receive your surrender request at our home office. You may surrender the Policy by sending us the Policy and a written request for its surrender. You may request that the surrender value be paid to you in cash or, alternatively, applied on a settlement option.

If you surrender your Policy during the ten year period following policy issue or following a policy adjustment that resulted in an increase in base premium or net amount at risk, we will assess a surrender charge. See "Policy Charges."

We also permit a partial surrender of the account value of the Policy in any amount of $500 or more. The maximum partial surrender is the amount available as a policy loan. The death benefit of the Policy will be reduced by the amount of the partial surrender. With any partial surrender, we will adjust the Policy to reflect the new face amount and account value and, unless otherwise instructed, the existing level of premium payments.

We are currently waiving the restriction requiring a minimum amount for a partial surrender where a partial surrender from a Policy, which is on stop premium, is being used to pay premiums on any benefits and riders issued as part of the Policy. Transaction charges otherwise applicable to such a partial surrender are also waived.

On a partial surrender, you may tell us from which Variable Life Account sub-accounts a partial surrender is to be taken or whether it is to be taken in whole or in part from the guaranteed interest account. If you do not, we will deduct partial surrenders from the account value of the guaranteed interest account and the account value of the separate account on a pro-rata basis, and from each sub-account of the separate account on a pro-rata basis. If you have a policy with the Enhanced Guarantee Choice Agreement, we will deduct all partial surrenders on a pro-rata basis. We reserve the right to restrict the amount of any partial surrender taken from the guaranteed interest account. We will tell you, on request, what amounts are available for a partial surrender under your Policy.

We will pay a surrender or partial surrender as soon as possible, but not later than seven days after we receive your written request for surrender. However, if any portion of the account value to be surrendered is attributable to a premium or non-repeating premium payment made by nonguaranteed funds such as a personal check, we will delay mailing that portion of the surrender proceeds until we have reasonable assurance that the payment has cleared and that good payment has been collected. The amount you receive on surrender may be more or less than the total premiums paid for your Policy.

Free Look

It is important to us that you are satisfied with this Policy after it is issued. If you are not satisfied with it, you may return the Policy to us or your agent within 30 days after you receive it.

If you return the Policy, you will receive within seven days of the date we receive your notice of cancellation a full refund of the premiums you have paid.

If the Policy is adjusted, as described under "Policy Adjustments," and if the adjustment results in an increased premium, you will again have a right to examine the Policy and you may return the Policy within 30 days after you receive it. If you return the Policy, the requested premium adjustment will be cancelled. You will receive a refund of the additional premiums paid within seven days of the date we receive your notice of cancellation for that adjustment.

Policy Charges

Premium Charges From base and non-repeating premiums, we deduct a premium charge not to exceed 5.75 percent of each premium. Non-repeating premiums are currently subject to a premium charge of 3 percent. See "Policy Premiums," and the "Transaction Fees Table" under "Summary of Benefits and Risks." This charge is designed to cover sales commissions in early policy years and other charges related to premiums in later policy years, such as administrative expenses and taxes.

Account Value Charges We assess against your account value (1) a monthly policy charge, (2) a policy issue charge, (3) a cost of insurance charge, (4) a cash extra charge, (5) certain transaction charges, and (6) a surrender charge.

(1) The monthly policy charge will not exceed $15.00 plus $0.03 per $1,000 of face amount. This charge is to cover certain administrative expenses, including those attributable to the records we create and maintain for your Policy.

(2) The policy issue charge is shown in the schedule on page 1 of the Policy and applies for the first ten years of the Policy following issue and policy adjustments that result in an increase in base premium or net amount at risk. This charge is to recover the expense of issuing, underwriting and distributing the Policy.

(3) The cost of insurance charge is calculated by multiplying the net amount at risk under your Policy by a rate which varies with the age, gender and risk class of each insured. The net amount at risk varies with investment performance, payment of premiums and policy charges. The rate will not exceed the rate shown in the Maximum Monthly Cost of Insurance Rates table on page 1 of the Policy. This charge compensates us for providing the death benefit under this Policy.

(4) The cash extra charge is a monthly charge which compensates us for providing the death benefit when certain mortality risks exceed the standard. If there is one, the cash extra charge will be shown on page 1 of your Policy.

(5) Transaction Charges:

(a) A policy adjustment transaction charge of $95 is charged at every policy adjustment. This charge is for expenses associated with processing a policy adjustment. See "Policy Adjustments." If an adjustment results in an increase in base premium, face amount or net amount at risk, there will also be a new policy issue charge. See "Account Value Charges."

(b) A partial surrender transaction charge of the lesser of $25 or 2 percent of the amount of the partial surrender is charged at a partial surrender. This charge is for expenses associated with processing a partial surrender.

(c) A transfer transaction charge of no more that $25 is charged for each transfer of account value among the guaranteed interest account and the sub-accounts of the separate account. Currently there is a $10 charge only for non-systematic transfers in excess of 12 per year. This charge is for expenses associated with processing a transfer.

(6) A surrender charge is shown in the schedule on page 1 of the Policy and applies for the first ten years of the Policy following issue and policy adjustments that result in an increase in base premium or net amount at risk. The maximum surrender charge is the sum of all monthly Policy Issue Charges, remaining unpaid from the time of surrender or termination to the end of the applicable ten year period. This amount will not be adjusted for present value. This charge is to recover any policy issue charges that have not yet been assessed.

We assess the monthly policy charge, policy issue charge, cost of insurance charge and cash extra charge against your account value monthly on the monthly policy anniversary and on the occurrence of the second death, policy surrender, or policy termination. Transaction charges for a policy adjustment, a partial surrender or a transfer are assessed against your account value at the time of a policy adjustment, a partial surrender or a transfer. Transaction charges for a transfer are assessed against the amount transferred. A surrender charge is assessed against the account value when the policy is surrendered or terminates.

Ordinarily, we assess charges against the account value of the guaranteed interest account and the account value of the separate account on a pro-rata basis and from each sub-account in the separate account on a pro-rata basis. However, if you instruct us in writing, we will assess the monthly policy charge, the policy issue charge, the cost of insurance charge and the cash extra charge against the guaranteed interest account or the sub-account(s) that you specify. If you have a policy with the Enhanced Guarantee Choice Agreement, we will assess all monthly charges on a pro-rata basis.

Separate Account Charges We assess a mortality and expense risk charge directly against the assets held in the Variable Life Account. The mortality and expense risk charge compensates us for assuming the risks that cost of insurance charges will be insufficient to cover actual mortality experience and that the other charges will not cover our expenses in connection with the Policy. We deduct the mortality and expense risk charge from Variable Life Account assets on each valuation date at an annual rate of .50 percent of the average daily net assets of the Variable Life Account.

We reserve the right to charge or make provision for any taxes payable by us with respect to the Variable Life Account or the Policies by a charge or adjustment to such assets. No such charge or provision is made at the present time.

Portfolio Company Charges Charges are deducted from and expenses paid out of the assets of the Fund Portfolio companies, as described in the prospectus for those companies.

Charges for Additional Benefits Charges for Additional Benefits are shown in the "Summary Fee Tables" under "Summary of Benefits and Risks." See "Additional Benefits."

Other Policy Provisions

Beneficiary When we receive proof satisfactory to us of the second death, we will pay the death proceeds of a Policy to the beneficiary or beneficiaries named in the application for the Policy unless the owner has changed the beneficiary. In that event, we will pay the death proceeds to the beneficiary named in the last change of beneficiary request.

If a beneficiary dies before the second death, that beneficiary's interest in the Policy ends with that beneficiary's death. Only beneficiaries living at the second death will be eligible to share in the death proceeds. If no beneficiary is living at the second death we will pay the death proceeds of this Policy to the owner, if living, otherwise to the owner's estate, or, if the owner is a corporation, to it or its successor.

You may change the beneficiary designated to receive the proceeds. If you have reserved the right to change the beneficiary, you can file a written request with us to change the beneficiary. If you have not reserved the right to change the beneficiary, the written consent of the irrevocable beneficiary will be required.

Your written request will not be effective until it is recorded in our home office. After it has been so recorded, it will take effect as of the date you signed the request. However, if the second death occurs before the request has been so recorded, the request will not be effective as to those death proceeds we have paid before your request was recorded in our home office records.

Payment of Proceeds The amount payable as death proceeds upon the second death will be the death benefit provided by the Policy, plus any additional insurance payable at the second death provided by an additional benefit agreement, if any, minus any policy charges and minus any policy loans. In addition, if the cash option is in effect at the second death, we will pay to the beneficiary any part of a paid premium that covers the period from the end of the policy month in which the second death occurred to the date to which premiums are paid. Normally, we will pay any policy proceeds within seven days after our receipt of all the documents required for such a payment. Other than the

death proceeds, which are determined as of the date of the second death, we will determine the amount of payment as of the end of the valuation period during which a request is received at our home office.

We reserve the right to defer policy payments, including policy loans, for up to six months from the date of your request, if such payments are based upon policy values which do not depend on the investment performance of the Variable Life Account. In that case, if we postpone a payment other than a policy loan payment for more than 31 days, we will pay you interest at 3 percent per year for the period beyond that time that payment is postponed. For payments based on policy values which do depend on the investment performance of the Variable Life Account, we may defer payment only:

(1) for any period during which the New York Stock Exchange is closed for trading (except for normal holiday closing); or

(2) when the SEC has determined that a state of emergency exists which may make such payment impractical.

Settlement Options The proceeds of a Policy will be payable if the Policy is surrendered, or we receive proof satisfactory to us of the second death. These events must occur while the Policy is in force. We will pay the proceeds at our home office and in a single sum unless a settlement option has been selected. We will deduct any indebtedness and unpaid charges from the proceeds. Proof of any claim under this Policy must be submitted in writing to our home office.

We will pay interest on single sum death proceeds from the date of the second death until the date of payment. Interest will be at an annual rate determined by us, but never less than 3 percent.

The proceeds of a Policy may be paid in other than a single sum and you may, until the second death, request that we pay the proceeds under one of the Policy's settlement options. We may also use any other method of payment that is agreeable to both you and us. A settlement option may be selected only if the payments are to be made to a natural person in that person's own right, and if the periodic installment or interest payment is at least $50.

Each settlement option is payable in fixed amounts as described below. The payments do not vary with the investment performance of the Variable Life Account.

Option 1 -- Interest Payments

We will pay interest on the proceeds at such times and for a period that is agreeable to you and us. Withdrawals of proceeds may be made in amounts of at least $500. At the end of the period, any remaining proceeds will be paid in either a single sum or under any other method we approve.

Option 2 -- Payments for a Specified Period

We will make payments for a specified number of years.

Option 3 -- Life Income

We will make payments monthly during the lifetime of the person who is to receive the income, terminating with the last monthly payment immediately preceding that person's death. We may require proof of the age and gender of the annuitant.

Option 4 -- Payments of a Specified Amount

We will pay a specified amount until the proceeds and interest are fully paid.

If you request a settlement option, you will be asked to sign an agreement covering the election which will state the terms and conditions of the payments. Unless you elect otherwise, a beneficiary may select a settlement option after the second death.

The minimum amount of interest we will pay under any settlement option is 3 percent per year. Additional interest earnings, if any, on deposits under a settlement option will be payable as we determine.

Assignment The Policy may be assigned. The assignment must be in writing and filed at our home office. We assume no responsibility for the validity or effect of any assignment of the Policy or of any interest in it. Any proceeds which become payable to an assignee will be payable in a single sum. Any claim made by an assignee will be subject to proof of the assignee's interest and the extent of the assignment.

Misstatement of Age or Gender If the age or gender of either insured has been misstated, we will adjust the amount of proceeds payable under the Policy to reflect cost of insurance charges based upon the correct age or gender.

Incontestability After a Policy has been in force during the lifetime of both insureds for two years from the original policy date, we may not contest the Policy, except for fraud. However, if there has been a policy adjustment, reinstatement or any other policy change for which we required evidence of insurability, we may contest that policy adjustment, reinstatement or change for two years with respect to information provided at that time, during the lifetime of both insureds, from the effective date of the policy adjustment, reinstatement or change.

Suicide If either insured, whether sane or insane, dies by suicide, within two years of the original policy date, our liability will be limited to an amount equal to the premiums paid for the Policy. If there has been a policy adjustment, reinstatement or any other policy change for which we required evidence of insurability, and if either insured dies by suicide within two years from the effective date of the policy adjustment, reinstatement or change, our liability with respect to the policy adjustment, reinstatement or change will be limited to an amount equal to the premiums paid for the policy adjustment, reinstatement or change.

Reports At least once each year we will send you a report. This report will include the account value, the face amount and the death benefit as of the date of the report. It will also show the premiums paid during the policy year, policy loan activity and the policy value. We will send the report to you without cost. The information in the report will be current as of a date within two months of its mailing.

Additional Benefits

You may be able to obtain additional policy benefits, subject to underwriting approval. We will provide these benefits by a rider to the Policy, which may require the payment of additional premium.

Waiver of Premium Agreement The Waiver of Premium Agreement requires an additional premium and provides for the payment of policy premium in the event of the covered insured's disability. You may add the waiver on either or both insureds.

Enhanced Guarantee Choice Agreement The Enhanced Guarantee Choice Agreement requires no additional premium and provides for an improved guaranteed plan of insurance if you elect to participate in an Acceptable Allocation Program (AAP). For each AAP, we will choose a specific group of sub-accounts and determine the proportion of all transactions that will be allocated to each of those sub-accounts. You will have several AAPs from which to choose. In order to preserve the chosen proportion, you must agree to certain limitations regarding the allocation of premiums, transfers of policy values, allocation of partial surrenders, allocation of policy loans, and allocation of monthly charges described elsewhere in this prospectus. From time to time we may change the AAPs which we offer.

Estate Preservation Agreement The Estate Preservation Agreement permits you to purchase additional four-year term insurance on the death of the designated insured, without evidence of

insurability. This right to purchase additional term insurance extends for a period of 90 days after the death of that person. Typically, the person you designate will be the younger of the two persons insured under this Policy. In the event that both insureds under this Policy die simultaneously, we will pay nothing under this Agreement. The Estate Preservation Agreement is useful if there is a need to have the Policy owned initially by one or both of the insureds and subsequently to change the ownership to a trust.

Other Matters

Federal Tax Status

Introduction The discussion of federal taxes is general in nature and is not intended as tax advice. Each person concerned should consult a tax adviser. This discussion is based on our understanding of federal income tax laws as they are currently interpreted. No representation is made regarding the likelihood of continuation of current income tax laws or the current interpretations of the Internal Revenue Service (the "IRS"). We have not considered any applicable state or other tax laws.

Taxation of Minnesota Life and the Variable Life Account We are taxed as a "life insurance company" under the Internal Revenue Code (the "Code"). The operations of the Variable Life Account form a part of, and are taxed with, our other business activities. Currently, we pay no federal income tax on income dividends received by the Variable Life Account or on capital gains arising from the Variable Life Account's activities. The Variable Life Account is not taxed as a "regulated investment company" under the Code and it does not anticipate any change in that tax status.

At the present time, we make no charge to the Variable Life Account for any federal, state or local taxes that we incur that may be attributable to such

Account or to the Policies. We, however, reserve the right in the future to make a charge for any such tax or other economic burden resulting from the application of the tax laws that we determine to be properly attributable to the Variable Life Account or the Policies.

Tax Status of Policies Under Section 7702 of the Code, life insurance contracts such as the Policies will be treated as life insurance for federal tax purposes if certain tests are met. There is limited guidance on how these tests are to be applied. However, the IRS has issued proposed regulations that would specify what will be considered reasonable mortality charges under Section 7702. In light of these proposed regulations and the other available guidance on the application of the tests under Section 7702, we generally believe that a Policy issued on a standard risk should meet the statutory definition of a life insurance contract under Section 7702. With respect to a Policy issued on a sub-standard basis (i.e., a premium class involving higher than standard mortality risk), there is insufficient guidance to determine if such a Policy would satisfy the Section 7702 definition of a life insurance contract. If a Policy were determined not to be a life insurance contract under Section 7702 of the Code, that Policy would not provide most of the tax advantages normally provided by a life insurance contract.

If it is subsequently determined that a Policy does not satisfy Section 7702, we may take whatever steps are appropriate and necessary to attempt to cause such a Policy to comply with Section 7702. For these reasons, we reserve the right to restrict Policy transactions as necessary to attempt to qualify it as a life insurance contract under Section 7702 of the Code.

Owner Control In certain circumstances, owners of variable life policies may be considered the owners, for federal income tax purposes, of the assets of the separate account supporting their policies due to their ability to exercise control over those assets. Where this is the case, the contract owners will be currently taxed on income and gains attributable to the separate account assets. In Revenue Ruling 2003-91, the IRS described the circumstances under which the owner of a variable contract will

not possess sufficient control over the assets underlying the contract to be treated as the owner of those assets for federal income tax purposes. Under the contracts in Rev. Rul. 2003-91, there was no arrangement, plan, contract or agreement between the policy owner and the insurance company regarding the availability of a particular investment option and other than the policy owner's right to allocate premiums and transfer funds among the available sub-accounts, all investment decisions concerning the sub-accounts were made by the insurance company or an advisor in its sole and absolute discretion.

We do not believe that the ownership rights of a Policy owner under the Policy would result in any Policy owner being treated as the owner of the assets of the Variable Life Account under Rev. Rul. 2003-91. However, we do not know whether additional guidance will be provided by the IRS on this issue and what standards may be contained in such guidance. Therefore, we reserve the right to modify the Policy as necessary to attempt to prevent a Policy owner from being considered the owner of a pro rata share of the assets of the Variable Life Account.

Diversification of Investments In addition, the Code requires that the investments of the Variable Life Account be "adequately diversified" in order to treat the Policy as a life insurance contract for federal income tax purposes. We intend that the Variable Life Account, through the Funds and the Portfolios, will satisfy these diversification requirements.

The following discussion assumes that the Policy will qualify as a life insurance contract for federal income tax purposes.

Tax Treatment of Policy Benefits On the death of the insured, we believe that the death benefit provided by the Policies will be excludable from the gross income of the beneficiary under Section 101(a) of the Code. If you receive an accelerated benefit, that benefit may be taxable and you should seek assistance from a tax adviser. You are not currently taxed on any part of the inside build-up of cash value until you actually receive cash from the Policy. However, taxability may also be determined by your contributions to the Policy and prior Policy activity.

Depending on the circumstances, the exchange of a Policy, the receipt of a Policy in an exchange, a change in the Policy's death benefit option (e.g., a change from cash option to protection option), a policy loan, a partial surrender, a complete surrender, a change in ownership, a change of insured, an adjustment of the face amount, or an assignment of the Policy may have federal income tax consequences. If you are considering any such transactions, you should consult a tax adviser before effecting the transaction.

We also believe that Policy loans will be treated as indebtedness and will not be currently taxable as income to you unless your Policy is a modified endowment contract, as described below. However, whether a modified endowment contract or not, the interest paid on Policy loans will generally not be tax deductible. There may be adverse tax consequences when a Policy with a Policy loan is terminated or surrendered.

A complete surrender or partial surrender of the account values of a Policy may have tax consequences. On surrender, you will not be taxed on values received except to the extent that they exceed the gross premiums paid under the Policy reduced by any previously received excludable amounts ("cost basis"). An exception to this general rule occurs in the case of a partial withdrawal, a decrease in the face amount, or any other change that reduces benefits under the Policy in the first 15 years after the Policy is issued and that results in a cash distribution to you in order for the Policy to continue complying with the Section 7702 definitional limits. In that case, such distribution will be taxed in whole or in part as ordinary income (to the extent of any gain in the Policy) under rules prescribed in Section 7702. Finally, upon a complete surrender or termination of a Policy or when benefits are paid at a Policy's maturity date, if the amount received plus the amount of any policy loan

exceeds the cost basis of the Policy, the excess will generally be treated as ordinary income, subject to tax.

Modified Endowment Contracts It should be noted, however, that under the Code the tax treatment described above is not available for Policies characterized as modified endowment contracts. In general, policies with a high premium in relation to the death benefit may be considered modified endowment contracts. The Code requires that the cumulative premiums paid on a life insurance policy during the first seven contract years not exceed the sum of the net level premiums which would be paid under a 7-pay life policy. If those cumulative premiums exceed the 7-pay life premiums, the policy is a modified endowment contract.

Modified endowment contracts are still treated as life insurance with respect to the tax treatment of death proceeds and to the extent that the inside build-up of cash value is not taxed on a yearly basis. However, any amounts you receive, such as cash withdrawals, loans and amounts received from a partial or total surrender of the Policy are subject to the same tax treatment as distributions under an annuity (i.e., such distributions are generally treated as taxable income to the extent that the account value immediately before the distribution exceeds the cost basis of the Policy). This tax treatment includes a 10 percent additional income tax which is imposed on the portion of any distribution that is included in income except where the distribution or loan is made on or after the date you attain age 59 1/2, or is attributable to your becoming disabled, or as part of a series of substantially equal periodic payments for your life or the joint lives of you and your beneficiary.

Compliance with the 7-pay test does not imply or guarantee that only seven payments will be required for the initial death benefit to be guaranteed for life. Making additional payments or reducing the benefits (for example, through a partial withdrawal, a change in death benefit option, or a scheduled reduction) may either violate the 7-pay test or reduce the amount that may be paid in the future under the 7-pay test. Further, reducing the death benefit at any time will require retroactive retesting and could result in a failure of the 7-pay test regardless of any of our efforts to provide a payment schedule that will not violate the 7-pay test.

Any Policy received in an exchange for a modified endowment contract will be considered a modified endowment contract and will be subject to the tax treatment accorded to modified endowment contracts. Accordingly, you should consult a tax adviser before effecting an exchange of any life insurance policy.

A Policy that is not originally classified as a modified endowment contract can become so classified if there is a reduction in benefits at any time or if a material change is made in the contract at any time. A material change includes, but is not limited to, a change in the benefits that was not reflected in a prior 7-pay test computation.

The modified endowment contract provisions of the Code apply to all Policies entered into on or after June 21, 1988 that fail to meet the 7-pay test described above and to a Policy that is received in exchange for a modified endowment contract. It should be noted, in addition, that a Policy which is subject to a "material change" shall be treated as newly entered into on the date on which such material change takes effect. Appropriate adjustment shall be made in determining whether such a Policy meets the 7-pay test by taking into account the previously existing cash surrender value. While certain adjustments described herein may result in a material change, the law provides that any cost of living increase described in the regulations and based upon an established broad-based index will not be treated as a material change if any increase is funded ratably over the remaining period during which premiums are required to be paid under the Policy. To date, no regulations under this provision have been issued.

In rare circumstances, if we receive and allocate your premium before its due date, your Policy will become a modified endowment contract. To prevent your Policy from becoming a modified endowment contract, we will hold your premium in a non-interest bearing account until its due date, at which time we will allocate your premium to the guaranteed interest account or sub-accounts of the Variable Life Account.

If a Policy becomes a modified endowment contract, distributions that occur during the policy year it becomes a modified endowment contract and any subsequent policy year will be taxed as distributions from a modified endowment contract. Distributions from a Policy within two years before it becomes a modified endowment contract will also be taxed 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.

Due to the Policy's flexibility, classification of a Policy as a modified endowment contract will depend upon the circumstances of each Policy. Accordingly, a prospective policy owner should contact a tax adviser before purchasing a Policy to determine the circumstances under which the Policy would be a modified endowment contract. You should also contact a tax adviser before paying any non-repeating premiums or making any other change to, including an exchange of, a Policy to determine whether such premium or change would cause the Policy (or the new Policy in the case of an exchange) to be treated as a modified endowment contract.

Multiple Policies Under the Code, all modified endowment contracts, issued by us (or an affiliated company) to the same policy owner during any calendar year will be treated as one modified endowment contract for purposes of determining the amount includable in gross income under Section 72(e) of the Code. Additional rules may be promulgated under this provision to prevent avoidance of its effects through serial contracts or otherwise. For further information on current aggregation rules under this provision, see your own tax adviser.

Other Taxes The transfer of the Policy or the designation of a beneficiary may have federal, state, and/or local transfer and inheritance tax consequences, including the imposition of gift, estate and generation-skipping transfer taxes. For example, the transfer of the Policy to, or the designation as beneficiary of, or the payment of proceeds to, a person who is assigned to a generation which is two or more generations below the generation assignment of the policy owner, may have Generation-Skipping Transfer tax considerations under Section 2601 of the Code.

The individual situation of each policy owner or beneficiary will determine the extent, if any, to which federal, state and local transfer taxes may be imposed. That situation will also determine how ownership or receipt of Policy proceeds will be treated for purposes of federal, state and local estate inheritance, generation skipping transfer and other taxes.

In addition, the tax consequences associated with a Policy remaining in force after the younger insured's 100th birthday are unclear. You should consult a tax adviser in all these circumstances.

Other Transactions Changing the Policy owner may have tax consequences. Exchanging this Policy for another involving the same insureds should have no federal income tax consequences if there is no debt and no cash or other property is received, according to Section 1035(a)(1) of the Code. The new Policy would have to satisfy the 7-pay test from the date of the exchange to avoid characterization as a modified endowment contract. An exchange of a life insurance contract for a new life insurance contract may, however, result in a loss of grandfathering status for statutory changes made after the old Policy was issued.

The Policies may be used in various arrangements, including nonqualified deferred compensation or salary continuance plans, split dollar insurance plans, executive bonus plans, retiree medical benefit

plans and others. The tax consequences of such plans may vary depending on the particular facts and circumstances of each individual arrangement. Therefore, if you are contemplating the use of such Policies in any arrangement the value of which depends in part on its tax consequences, you should be sure to consult a tax adviser regarding the tax attributes of the particular arrangement. Moreover, in recent years, Congress has adopted new rules relating to corporate owned life insurance. The IRS has also recently issued guidance on split dollar insurance plans. A tax adviser should be consulted with respect to this new guidance if you have purchased or are considering the purchase of a Policy for a split dollar insurance plan. Any business contemplating the purchase of a new life insurance contract or a change in an existing contract should consult a tax adviser. There may also be an indirect tax upon the income in the Policy or the proceeds of a Policy under the federal corporate alternative minimum tax, if the policy owner is subject to that tax.

It should be understood that the foregoing description of the federal income tax consequences under the Policies is not exhaustive and that special rules are provided with respect to situations not discussed. Statutory changes in the Code, with varying effective dates, and regulations adopted thereunder may also alter the tax consequences of specific factual situations. Due to the complexity of the applicable laws, a person contemplating the purchase of a variable life insurance policy or exercising elections under such a policy should consult a tax adviser.

Voting Rights

We will vote the Fund shares held in the various sub-accounts of the Variable Life Account at regular and special shareholder meetings of the Funds in accordance with your instructions. If, however, the 1940 Act or any regulation thereunder should change and we determine that it is permissible to vote the Fund shares in our own right, we may elect to do so. The number of votes as to which you have the right to instruct will be determined by dividing your Policy's account value in a sub-account by the net asset value per share of the corresponding Fund Portfolio. Fractional shares will be counted. The number of votes as to which you have the right to instruct will be determined as of the date coincident with the date established by the Funds for determining shareholders eligible to vote at the meeting of the Funds. Voting instructions will be solicited in writing prior to such meeting in accordance with procedures established by the Funds. We will vote Fund shares held by the Variable Life Account as to which no instructions are received in proportion to the voting instructions which are received from policy owners with respect to all Policies participating in the Variable Life Account. Each policy owner having a voting interest will receive proxy material, reports and other material relating to the Funds.

We may, when required by state insurance regulatory authorities, disregard voting instructions if the instructions require that shares be voted so as to cause a change in subclassification or investment policies of the Funds or approve or disapprove an investment advisory contract of the Funds. In addition, we may disregard voting instructions in favor of changes in the investment policies or the investment advisers of the Funds if we reasonably disapprove of such changes. A change would be disapproved only

- if the proposed change is contrary to state law or disapproved by state regulatory authorities on a determination that the change would be detrimental to the interests of policy owners or

- if we determined that the change would be inconsistent with the investment objectives of the Funds or would result in the purchase of securities for the Funds which vary from the general quality and nature of investments and investment techniques utilized by other separate accounts created by us or any of our affiliates which have similar investment objectives.

In the event that we disregard voting instructions, a summary of that action and the reason for such action will be included in your next semi-annual report.

Compensation Paid for the Sale of Policies

Securian Financial Services, Inc. ("Securian Financial"), whose address is 400 Robert Street North, St. Paul, Minnesota 55101-2098, is a registered broker-dealer under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc. Securian Financial was incorporated in 1984 under the laws of the state of Minnesota. Securian Financial, an affiliate of Minnesota Life, is the principal underwriter of the Policies. Securian Financial and other authorized broker-dealers sell Policies through their registered representatives, each of whom is also an insurance agent appointed by Minnesota Life. Commissions for the sale of Policies by broker-dealers other than Securian Financial are paid directly to such broker-dealers by Minnesota Life, in all cases as agent for Securian Financial, and as authorized by the broker-dealers. The amount of commission received by an individual registered representative in connection with the sale of a Policy is determined by his or her broker-dealer. In the case of Policies sold by registered representatives of Securian Financial, commissions are paid directly to such registered representatives by Minnesota Life as agent for Securian Financial. Minnesota Life also pays compensation as agent for Securian Financial to general agents of Minnesota Life who are also Securian Financial registered representatives. The commissions and compensation described in this paragraph, and the payments to broker-dealers described below, do not result in charges to the Policy that are in addition to the Policy Charges described elsewhere in this prospectus.

Payments to Registered Representatives of Securian Financial Commissions to registered representatives of Securian Financial on the sale of Policies include: up to 50 percent of gross premium in the first policy year; up to 2 percent in policy years thereafter; and 0 percent of non-repeating premiums. The commission will apply to the portion of the annual base premium necessary for an original issue whole life plan of insurance under the Cash Option. On premiums received in excess of that amount we will pay commissions up to 2 percent.

In addition, Securian Financial or we will pay, based uniformly on the sales of insurance policies by registered representatives of Securian Financial, credits which allow those registered representatives who are responsible for sales of the Policies to attend conventions and other meetings sponsored by us or our affiliates for the purpose of promoting the sale of insurance and/or investment products offered by us and our affiliates. Such credits may cover the registered representatives' transportation, hotel accommodations, meals, registration fees and the like. We may also pay registered representatives additional amounts based upon their production and the persistency of life insurance and annuity business placed with us. Finally, registered representatives may also be eligible for financing arrangements, insurance benefits, and other benefits based on their contract with us.

We make additional payments for sales of the Policies to general agents who manage registered representatives and to the business unit responsible for the operation of our distribution system. Payments to general agents vary and depend on many factors including the commissions and amount of proprietary products sold by registered representatives supervised by the general agent. General Agents may also be eligible for insurance benefits, other cash benefits, and non-cash compensation such as conventions and other meetings.

Payments to Broker-Dealers We pay compensation for the sale of the Policies by affiliated and unaffiliated broker-dealers. The compensation that we pay to broker-dealers for the sale of the Polices is generally not expected to exceed, on a present value basis, the aggregate amount of compensation that we pay with respect to sales made by registered representatives of Securian Financial. Broker-dealers pay their sales representatives all or a portion of the commissions received for their sales of the Policy.

All of the compensation described here, and other compensation or benefits provided by Minnesota Life or our affiliates, may be more or less than the overall compensation on similar or other products.

The amount and/or structure of the compensation may influence your registered representative, broker-dealer or selling institution to present this Policy over other investment alternatives. However, the differences in compensation may also reflect differences in sales effort or ongoing customer services expected of the registered representative or the broker-dealer. You may ask your registered representative about these differences and how he or she and his or her broker-dealer are compensated for selling the Policies.

Legal Proceedings

As an insurance company, we are ordinarily involved in litigation. We are of the opinion that such litigation is not material with respect to the Policies or the Variable Life Account.

Registration Statement

We have filed with the Securities and Exchange Commission a Registration Statement under the Securities Act of 1933, as amended, with respect to the Policies offered hereby. This prospectus does not contain all the information set forth in the registration statement and amendments thereto and the exhibits filed as a part thereof, to all of which reference is hereby made for further information concerning the Variable Life Account, Minnesota Life, and the Policies. Statements contained in this prospectus as to the contents of Policies and other legal instruments are summaries, and reference is made to such instruments as filed.

Statement of Additional Information

A Statement of Additional Information, with the same date, containing further information about Minnesota Life Variable Life Account and the variable life policy is available without charge from us at your request. It has been filed with the SEC and is incorporated by reference into this prospectus. In addition, you may order a personalized illustration of death benefits, cash surrender values, and cash values, without charge, from us. To request a Statement of Additional Information, a personalized illustration or any information about your Policy call us at 1-800-277-9244 or write to us at: Minnesota Life Insurance Company at 400 Robert Street North, Saint Paul, Minnesota 55101.

Information about Minnesota Life Variable Life Account (including the Statement of Additional Information) can be reviewed and copied at the Securities and Exchange Commission's Public Reference Room in Washington, DC (information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-202-942-8090) or at the SEC's website, http://www.sec.gov. Copies of this information may be obtained, upon payment of a duplicating fee, by writing the Public Reference Section of the Commission, 450 Fifth Street, NW, Washington, DC 20549-0102. You can also call the SEC at 1-202-942-8090.

The table of contents for the Statement of Additional Information is as follows:

Investment Company Act No. 811-4585

MINNESOTA LIFE VARIABLE LIFE ACCOUNT
(Exact Name of Registrant)

Minnesota Life Insurance Company
(Name of Depositor)

400 Robert Street North
Saint Paul, Minnesota 55101
(Address of Depositor's Principal Executive Offices)

1-651-665-3500
(Depositor's Telephone Number, including Area Code)

Dwayne C. Radel
Vice President and General Counsel
Minnesota Life Insurance Company
400 Robert Street North
St. Paul, Minnesota 55101-2098
(Name and Address of Agent for Service)

Copy to:
J. Sumner Jones, Esq.

Dykema Gossett PLLC
Franklin Square
Suite 300 West
1300 I Street N W
Washington, D.C. 20005

Statement of Additional Information

The date of this document and the prospectus is: April 27, 2005

This Statement of Additional Information is not a prospectus. Much of the information contained in this Statement of Additional Information expands upon subjects discussed in the prospectus. Therefore, this Statement should be read in conjunction with the Funds' current prospectuses which may be obtained by calling Minnesota Life Insurance Company at 1-800-277-9244, or writing to Minnesota Life at 400 Robert Street North, Saint Paul, Minnesota 55101. Defined terms as used in the prospectus and the Policy are incorporated into this Statement of Additional Information.

Table of Contents

General Information and History

We are Minnesota Life Insurance Company ("Minnesota Life"), a life insurance company organized under the laws of Minnesota. Minnesota Life was formerly known as The Minnesota Mutual Life Insurance Company ("Minnesota Mutual"), a mutual life insurance company organized in 1880 under the laws of Minnesota. Effective October 1, 1998, Minnesota Mutual reorganized by forming a mutual insurance holding company named "Minnesota Mutual Companies, Inc." Minnesota Mutual continued its corporate existence following conversion to a Minnesota stock life insurance company named "Minnesota Life Insurance Company." All of the shares of the voting stock of Minnesota Life are owned by a second tier intermediate stock holding company named "Securian Financial Group, Inc.", which in turn is a wholly-owned subsidiary of a first tier intermediate stock holding company named "Securian Holding Company", which in turn is a wholly-owned subsidiary of the ultimate parent, Minnesota Mutual Companies, Inc.

Our home office is at 400 Robert Street North, St. Paul, Minnesota 55101-2098, telephone: (651) 665-3500. We are licensed to conduct life insurance business in all states of the United States (except New York where we are an authorized reinsurer), the District of Columbia, Canada, Puerto Rico and Guam.

On October 21, 1985, our Board of Trustees established a separate account, called the Minnesota Life Variable Life Account ("Variable Life Account"), in accordance with certain provisions of the Minnesota insurance law. The separate account is registered as a "unit investment trust" with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940 ("1940 Act"). Registration under the 1940 Act does not signify that the SEC supervises the management, or the investment practices or policies, of the Variable Life Account. The separate account meets the definition of a "separate account" under the federal securities laws.

We are the legal owner of the assets in the Variable Life Account. The obligations to policy owners and beneficiaries arising under the Policies are general corporate obligations of Minnesota Life and thus our general assets back the Policies. The Minnesota law under which the Variable Life Account was established provides that the assets of the Variable Life Account shall not be chargeable with liabilities arising out of any other business which we may conduct, but shall be held and applied exclusively to the benefit of the holders of those variable life insurance policies for which the separate account was established. The investment performance of the Variable Life Account is entirely independent of both the investment performance of our General Account and of any other separate account which we may have established or may later establish.

The Variable Life Account currently has forty-nine sub-accounts to which you may allocate premiums. Each sub-account invests in shares of a corresponding Portfolio of the Funds.

Additional Information about Operation of Contracts and Registrant

Minnesota Life provides accounting oversight, financial reporting, legal and other administrative services. Prior to April 1, 2003, Minnesota Life provided additional accounting and administrative services which are now performed by State Street Bank and Trust Company. However, Minnesota Life continues to oversee State Street's performance of these services.

Underwriters

The Policies are a continuous offering and will be sold by state licensed life insurance producers who are also registered representatives of Securian Financial Services, Inc. ("Securian Financial") or of other broker-dealers who have entered into selling agreements with Securian Financial. Securian Financial acts as principal underwriter for the Policies. Both Securian Financial and Minnesota Life are wholly-owned subsidiaries of Securian Financial Group, Inc., which is a second-tier subsidiary of a mutual insurance holding company called Minnesota Mutual Companies, Inc.

Securian Financial Services, Inc., whose address is 400 Robert Street North, St. Paul, Minnesota 55101-2098, is a registered broker-dealer under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc. Securian Financial was incorporated in 1984 under the laws of the State of Minnesota. The Policies are sold in the states where their sale is lawful.

Commissions to registered representatives of Securian Financial on the sale of Policies include: up to 50 percent of gross premium in the first policy year; up to 2 percent in policy years thereafter; and 0 percent of non-repeating premiums. The commission will apply to the portion of the annual base premium necessary for an original issue whole life plan of insurance under the Cash Option. On premiums received in excess of that amount we will pay commissions up to 2 percent. Amounts paid by Minnesota Life to the underwriter for 2004, 2003 and 2002 were $55,987,595, $51,402,568 and $52,341,391, respectively, which include amounts paid for other contracts issued through the Minnesota Life Variable Life Account.

In addition, Securian Financial or we will pay, based uniformly on the sales of insurance policies by registered representatives of Securian Financial, credits which allow those registered representatives who are responsible for sales of the Policies to attend conventions and other meetings sponsored by us or our affiliates for the purpose of promoting the sale of insurance and/or investment products offered by us and our affiliates. Such credits may cover the registered representatives' transportation, hotel accommodations, meals, registration fees and the like. We may also pay registered representatives additional amounts based upon their production and the persistency of life insurance and annuity business placed with us. Finally, the underwriter also receives amounts from the Fund for services provided under a 12b-1 plan of distribution. For providing these distribution services, the underwriter receives a fee of up to .25 percent of the average daily net assets of those Portfolios of the Fund which have a 12b-1 fee.

Additional Information About Charges

a) Sales Load
See the description of the policy issue charge in the prospectus.

b) Underwriting Procedures We require proof of insurability for policy issue and all adjustments resulting in an increase in face amount or other changes that result in an increase in the net amount at risk in the Policy. Proof of insurability and classification for cost of insurance charges are determined by our underwriting rules and procedures which utilize factors such as age, sex, health and occupation. Persons who present a lower mortality risk are charged the most favorable cost of insurance rates.

The basis for the mortality charges guaranteed in the Policies are determined by the sex, tobacco habits, and age of each insured and are based on the 2001 CSO sex and smoker distinct age nearest birthday mortality tables. In instances where the insurance is required to be provided on a Unisex basis, the guaranteed mortality charges are based on the 2001 CSO Unisex Table B.

c) Increases in Face Amount

An increase in face amount is a policy adjustment and is subject to a $95 transaction charge. An increase in face amount will also result in a new policy issue charge.

Illustrations

An illustration is provided for two standard non-tobacco risks, a male age 50 and a female age 50. The illustration shows the projected policy values, death benefits and premiums. The Cash Death Benefit Option is shown. The plan of insurance for the illustration is a whole life plan, with an initial face amount of $1,000,000. We show the illustration based on both guaranteed maximum and current charges, and we include all charges.

Guaranteed maximum cost of insurance charges will vary by the age, sex and risk class of each insured. We use the male, female and unisex smoker-distinct 2001 Commissions Standard Ordinary Mortality Table ("2001 CSO"), as appropriate. The unisex tables are used in circumstances where legal considerations require the elimination of sex-based distinctions in the calculation of mortality costs. Our maximum cost of insurance charges are based on an assumption of the mortality rates reflected in 2001 CSO Tables.

In many cases we intend to impose cost of insurance charges which are lower than the maximum charges determined as described above. In addition to the factors governing maximum cost of insurance charges, actual charges will vary depending on the risk category of each insured. Current cost of insurance charges reflect our current practices with respect to mortality charges for this class of Policies. Similarly, we impose a current monthly policy charge which is less than the guaranteed contractual charge. We expect that these current charges will compensate us for the actual costs of administration. If the actual costs change, this charge may increase or decrease as necessary, although it may not exceed the maximum stated in the Policy.

The illustration shows how actual policy values and death benefits would vary over time if the return on the assets held in the Variable Life Account equaled a gross annual rate after tax, of 0 percent and 6 percent. The actual policy values and death benefits would be different from those shown if the returns averaged 0 percent and 6 percent but fluctuated over the life of the Policy. The illustration assumes scheduled premiums are paid when due.

The amounts shown for the hypothetical cash value and death benefit as of each policy year reflect the fact that the net investment return on the assets held in the sub-accounts is lower than the gross, after-tax return. This is because a daily investment management fee assessed against the net assets of the Fund and a daily mortality and expense risk charge assessed against the net assets of the Variable Life Account are deducted from the gross return. The mortality and expense risk charge reflected in the illustration is at an annual rate of .50 percent. The investment management fee illustrated is .68 percent and represents the arithmetic average of the annual fee charged for all portfolios of the Funds. The illustrations also reflect a deduction for those Fund costs and expenses borne by the Funds and for distribution (12b-1) fees. Fund expenses illustrated are .13 percent, representing the arithmetic average of the 2004 expense ratios of the portfolios of the Funds. Certain expenses for certain portfolios of the Funds were waived or reduced, however the averages used in these illustrations do not reflect the waivers or reductions. The 12b-1 fee illustrated is .24 percent and represent the arithmetic average of those fees charged for portfolios of the Funds. Therefore, gross annual rates of return of 0 percent and 6 percent correspond to approximate net annual rates of return of -1.55 percent and 4.45 percent.

The illustration reflects the fact that no charges for federal, state or local income taxes are currently made against the Variable Life Account. If such a charge is made in the future, it will take a higher gross rate of return to produce after-tax returns of 0 percent and 6 percent than it does now.

Upon request, we will furnish a personalized illustration based upon the age, sex and risk classification of each insured, and on the face amount, premium, death benefit option, plan of insurance and gross annual rate of return requested. Those illustrations may be materially different from the sample illustration included in this statement, depending upon the proposed insureds' actual situation. For example, illustrations for insureds who are tobacco users or who are rated sub-standard will differ materially in premium amount and illustrated values, even though the proposed insureds may be the same age as the proposed insureds in our sample illustrations.

VAL-SURVIVOR
DEATH BENEFIT OPTION-CASH OPTION
MALE NON-TOBACCO ISSUE AGE 50
FEMALE NON-TOBACCO ISSUE AGE 50
INITIAL FACE AMOUNT - $1,000,000(1)

$13,850 INITIAL BASE PREMIUM

USING CURRENT CHARGES

-ASSUMING HYPOTHETICAL INVESTMENT RETURNS OF -

<TABLE>
<CAPTION>

				0% Gross -1.55% Net			6% Gross 4.45% Net		
POL YR	ATTDAGE #1	#2	BASE PREMIUM	ACCOUNT VALUE	CASH SURRENDER VALUE	DEATH BENEFIT	ACCOUNT VALUE	CASH SURRENDER VALUE	DEATH BENEFIT
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1	51	51	$ 13,850	$ 9,734	$ 0	$ 1,000,000	$ 10,433	$ 195	$ 1,000,000
2	52	52	13,850	19,340	0	1,000,000	21,357	882	1,000,000
3	53	53	13,850	28,826	9,114	1,000,000	32,808	13,096	1,000,000
4	54	54	13,850	38,197	21,300	1,000,000	44,813	27,916	1,000,000

5	55	55	13,850	47,448	33,368	1,000,000	57,395	43,314	1,000,000
6	56	56	13,850	56,582	45,318	1,000,000	70,582	59,318	1,000,000
7	57	57	13,850	65,593	57,145	1,000,000	84,399	75,951	1,000,000
8	58	58	13,850	74,476	68,844	1,000,000	98,871	93,239	1,000,000
9	59	59	13,850	83,226	80,410	1,000,000	114,045	111,229	1,000,000
10	60	60	13,850	91,835	91,835	1,000,000	129,951	129,951	1,000,000
15	65	65	13,850	146,368	146,368	1,000,000	237,507	237,507	1,000,000
20	70	70	13,850	195,174	195,174	1,000,000	373,066	373,066	1,000,000
25	75	75	13,850	234,406	234,406	1,000,000	543,223	543,223	1,000,000
30	80	80	13,850	254,098	254,098	1,000,000	754,651	754,651	1,082,531
35	85	85	13,850	231,211	231,211	1,000,000	1,007,028	1,007,028	1,291,394
40	90	90	13,850	113,116	113,116	1,000,000	1,225,258	1,225,258	1,459,530
45	95	95	13,850	0	0	1,000,000	1,472,799	1,472,799	1,632,868
50	100	100	13,850	0	0	1,000,000	1,811,368	1,811,368	1,795,750
55	105	105	13,850	0	0	1,000,000	2,333,388	2,333,388	2,218,065
60	110	110	13,850	0	0	1,000,000	3,007,157	3,007,157	2,858,310
65	115	115	13,850	0	0	1,000,000	3,876,785	3,876,785	3,684,669
70	120	120	13,850	0	0	1,000,000	4,999,208	4,999,208	4,751,246

</TABLE>

(1) The initial face amount is guaranteed for life so long as the base premium is paid as planned.

The hypothetical investment rates of return shown above are illustrative only and should not be deemed a representation of past or future investment rates of return. Actual rates of return may be more or less than those shown and will depend on a number of factors, including the investment allocations made by an owner, and prevailing interest rates. The death benefits and policy values for a Policy would be different from those shown if the actual rates of return averaged 0% and 6% over a period of years but also fluctuated above or below those averages for individual policy years. No representations can be made by Minnesota Life or the Funds that these hypothetical rates of return can be achieved for any one year or sustained over any period of time.

VAL-SURVIVOR
DEATH BENEFIT OPTION-CASH OPTION
MALE NON-TOBACCO ISSUE AGE 50
FEMALE NON-TOBACCO ISSUE AGE 50
INITIAL FACE AMOUNT - $1,000,000(1)

$13,850 INITIAL BASE PREMIUM

USING GUARANTEED MAXIMUM CHARGES

-ASSUMING HYPOTHETICAL INVESTMENT RETURNS OF -

<TABLE>
<CAPTION>

				0% Gross -1.55% Net			6% Gross 4.45% Net		
POL YR	ATTDAGE #1	#2	BASE PREMIUM	ACCOUNT VALUE	CASH SURRENDER VALUE	DEATH BENEFIT	ACCOUNT VALUE	CASH SURRENDER VALUE	DEATH BENEFIT
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1	51	51	$ 13,850	$ 9,507	$ 0	$ 1,000,000	$ 10,198	$ 0	$ 1,000,000
2	52	52	13,850	18,844	0	1,000,000	20,827	352	1,000,000
3	53	53	13,850	28,013	8,301	1,000,000	31,905	12,193	1,000,000
4	54	54	13,850	37,007	20,111	1,000,000	43,442	26,546	1,000,000
5	55	55	13,850	45,816	31,736	1,000,000	55,447	41,367	1,000,000
6	56	56	13,850	54,423	43,159	1,000,000	67,920	56,655	1,000,000
7	57	57	13,850	62,831	54,383	1,000,000	80,883	72,435	1,000,000
8	58	58	13,850	71,012	65,380	1,000,000	94,327	88,695	1,000,000
9	59	59	13,850	78,971	76,155	1,000,000	108,276	105,460	1,000,000
10	60	60	13,850	86,681	86,681	1,000,000	122,725	122,725	1,000,000
15	65	65	13,850	134,147	134,147	1,000,000	218,067	218,067	1,000,000
20	70	70	13,850	169,078	169,078	1,000,000	328,397	328,397	1,000,000
25	75	75	13,850	181,554	181,554	1,000,000	451,047	451,047	1,000,000
30	80	80	13,850	146,817	146,817	1,000,000	579,883	579,883	1,000,000

35	85	85	13,850	0	0	1,000,000	707,377	707,377	1,000,000
40	90	90	13,850	0	0	1,000,000	738,051	738,051	1,000,000
45	95	95	13,850	0	0	1,000,000	653,682	653,682	1,000,000
50	100	100	13,850	0	0	1,000,000	0	0	1,000,000
55	105	105	13,850	0	0	1,000,000	0	0	1,000,000
60	110	110	13,850	0	0	1,000,000	0	0	1,000,000
65	115	115	13,850	0	0	1,000,000	0	0	1,000,000
70	120	120	13,850	0	0	1,000,000	0	0	1,000,000

</TABLE>

(1) The initial face amount is guaranteed for life so long as the base premium is paid as planned.

The hypothetical investment rates of return shown above are illustrative only and should not be deemed a representation of past or future investment rates of return. Actual rates of return may be more or less than those shown and will depend on a number of factors, including the investment allocations made by an owner, and prevailing interest rates. The death benefits and policy values for a Policy would be different from those shown if the actual rates of return averaged 0% and 6% over a period of years but also fluctuated above or below those averages for individual policy years. No representations can be made by Minnesota Life or the Funds that these hypothetical rates of return can be achieved for any one year or sustained over any period of time.

Financial Statements

The consolidated financial statements of Minnesota Life Insurance Company and subsidiaries and the financial statements of the Minnesota Life Variable Life Account as of December 31, 2004, have been audited by our independent registered public accounting firm, KPMG LLP, 4200 Wells Fargo Center, 90 South Seventh Street, Minneapolis, Minnesota 55402. The report dated March 10, 2005 on the consolidated financial statements of Minnesota Life Insurance Company and subsidiaries refers to the adoption, effective January 1, 2004, of Statement of Position 03-1, Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts. The financial statements are included in this Statement of Additional Information, as stated in the report of independent registered public accounting firm appearing herein, and are included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of Minnesota Life Insurance Company
and Policy Owners of Minnesota Life Variable Life Account:

We have audited the accompanying statements of assets and liabilities of the Advantus Bond, Advantus Money Market, Advantus Index 500, Advantus Mortgage Securities, Advantus International Bond, Advantus Index 400 Mid-Cap, Advantus Real Estate Securities, AIM V.I. Aggressive Growth, AIM V.I. Balanced, AIM V.I. Dent Demographic Trends, AIM V.I. Premier Equity, American Century Income and Growth, American Century Ultra, American Century Value, Credit Suisse Global Post-Venture Capital, Fidelity VIP Contrafund, Fidelity VIP Equity-Income, Fidelity VIP Mid-Cap, Franklin Large Cap Growth Securities, Franklin Mutual Shares Securities, Franklin Small Cap, Templeton Developing Markets Securities, Templeton Global Asset Allocation, Janus Aspen Balanced, Janus Aspen Capital Appreciation, Janus Aspen International Growth, MFS Investors Growth Stock, MFS Mid Cap Growth, MFS New Discovery, MFS Value, Oppenheimer Capital Appreciation, Oppenheimer High Income, Oppenheimer International Growth, Putnam VT Growth and Income, Putnam VT International Growth, Putnam VT New Opportunities, Putnam VT New Value, Putnam VT Voyager, Waddell & Reed Balanced, Waddell & Reed Growth, Waddell & Reed International II, Waddell & Reed Small Cap Growth, Waddell & Reed Value, Waddell & Reed Micro-Cap Growth, Waddell & Reed Small Cap Value, Waddell & Reed Core Equity, Waddell & Reed Asset Strategy, Waddell & Reed International and Waddell & Reed Science & Technology Segregated Sub-Accounts of Minnesota Life Variable Life Account (the Account) as of December 31, 2004, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years or periods in the period then ended, and the financial highlights for each of the four years or periods in the period then ended. These financial statements and financial highlights are the responsibility of the Account's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and the financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Investments owned at December 31, 2004 were confirmed to us by the respective sub-account mutual fund, or for Advantus Series Fund, Inc., verified by examination of the underlying portfolios. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Advantus Bond, Advantus Money Market, Advantus Index 500, Advantus Mortgage Securities, Advantus International Bond, Advantus Index 400 Mid-Cap, Advantus Real Estate Securities, AIM V.I. Aggressive Growth, AIM V.I. Balanced, AIM V.I. Dent Demographic Trends, AIM V.I. Premier Equity, American Century Income and Growth, American Century Ultra, American Century Value, Credit Suisse Global Post-Venture Capital, Fidelity VIP Contrafund, Fidelity VIP Equity-Income, Fidelity VIP Mid-Cap, Franklin Large Cap Growth Securities, Franklin Mutual Shares Securities, Franklin Small Cap, Templeton Developing Markets Securities, Templeton Global Asset Allocation, Janus Aspen Balanced, Janus Aspen Capital Appreciation, Janus Aspen International Growth,

MFS Investors Growth Stock, MFS Mid Cap Growth, MFS New Discovery, MFS Value, Oppenheimer Capital Appreciation, Oppenheimer High Income, Oppenheimer International Growth, Putnam VT Growth and Income, Putnam VT International Growth, Putnam VT New Opportunities, Putnam VT New Value, Putnam VT Voyager, Waddell & Reed Balanced, Waddell & Reed Growth, Waddell & Reed International II, Waddell & Reed Small Cap Growth, Waddell & Reed Value, Waddell & Reed Micro-Cap Growth, Waddell & Reed Small Cap Value, Waddell & Reed Core Equity, Waddell & Reed Asset Strategy, Waddell & Reed International and Waddell & Reed Science & Technology Segregated Sub-Accounts of Minnesota Life Variable Life Account at December 31, 2004, and the results of their operations for the year then ended, the changes in their net assets for each of the two years or periods in the period then ended, and the financial highlights for each of the four years or periods in the period then ended, in conformity with U.S. generally accepted accounting principles.

Minneapolis, Minnesota
March 25, 2005

Minnesota Life Variable Life Account
Statements of Assets and Liabilities
December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	Advantus Bond	Advantus Money Market	Advantus Index 500	Advantus Mortgage Securities
<S>	<C>	<C>	<C>	<C>
Assets				
Investments in shares of Advantus Series Fund, Inc.:				
Bond Portfolio, 49,818,265 shares at net asset value of $1.44 per share (cost $62,588,922)	$ 71,755,838	-	-	-
Money Market Portfolio, 16,732,581 shares at net asset value of $1.00 per share (cost $16,732,581)	-	16,732,581	-	-
Index 500 Portfolio, 69,930,680 shares at net asset value of $3.81 per share (cost $232,435,871)	-	-	266,633,584	-
Mortgage Securities Portfolio, 38,761,484 shares at net asset value of $1.41 per share (cost $48,444,310)	-	-	-	54,497,600
International Bond Portfolio, 8,340,753 shares at net asset value of $1.46 per share (cost $9,169,099)	-	-	-	-
Index 400 Mid-Cap Portfolio, 20,828,580 shares at net asset value of $1.50 per share (cost $24,034,456)	-	-	-	-
Real Estate Securities Portfolio, 14,946,830 shares at net asset value of $1.97 per share (cost $18,820,862)	-	-	-	-
	71,755,838	16,732,581	266,633,584	54,497,600
Receivable from Minnesota Life for Policy purchase payments	56,875	3,807	-	-
Receivable for investments sold	-	-	262,822	19,822

Total assets	71,812,713	16,736,388	266,896,406	54,517,422
Liabilities				
Payable to Minnesota Life for Policy terminations, withdrawal payments and mortality and expense charges	-	-	262,822	19,822
Payable for investments purchased	56,875	3,807	-	-
Total liabilities	56,875	3,807	262,822	19,822
Net assets applicable to policy owners	$ 71,755,838	16,732,581	266,633,584	54,497,600
Policy Owners' Equity				
Total Policy Owners' equity (notes 5 and 6)	$ 71,755,838	16,732,581	266,633,584	54,497,600

<CAPTION>

	Segregated Sub-Accounts		
	Advantus International Bond	Advantus Index 400 Mid-Cap	Advantus Real Estate Securities
Assets			
Investments in shares of Advantus Series Fund, Inc.:			
Bond Portfolio, 49,818,265 shares at net asset value of $1.44 per share (cost $62,588,922)	-	-	-
Money Market Portfolio, 16,732,581 shares at net asset value of $1.00 per share (cost $16,732,581)	-	-	-
Index 500 Portfolio, 69,930,680 shares at net asset value of $3.81 per share (cost $232,435,871)	-	-	-
Mortgage Securities Portfolio, 38,761,484 shares at net asset value of $1.41 per share (cost $48,444,310)	-	-	-
International Bond Portfolio, 8,340,753 shares at net asset value of $1.46 per share (cost $9,169,099)	12,137,030	-	-
Index 400 Mid-Cap Portfolio, 20,828,580 shares at net asset value of $1.50 per share (cost $24,034,456)	-	31,210,253	-
Real Estate Securities Portfolio, 14,946,830 shares at net asset value of $1.97 per share (cost $18,820,862)	-	-	29,496,448
	12,137,030	31,210,253	29,496,448
Receivable from Minnesota Life for Policy purchase payments	12,753	75,588	-
Receivable for investments sold	-	-	21,808
Total assets	12,149,783	31,285,841	29,518,256
Liabilities			
Payable to Minnesota Life for Policy terminations, withdrawal payments and mortality and expense charges	-	-	21,808
Payable for investments purchased	12,753	75,588	-
Total liabilities	12,753	75,588	21,808
Net assets applicable to policy owners	12,137,030	31,210,253	29,496,448
Policy Owners' Equity			
Total Policy Owners' equity (notes 5 and 6)	12,137,030	31,210,253	29,496,448

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Assets and Liabilities
December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	AIM V.I. Aggressive Growth	AIM V.I. Balanced	AIM V.I. Dent Demographic Trends	AIM V.I. Premier Equity
Assets				
Investments in shares of AIM Variable Insurance Funds:				

Aggressive Growth Fund, 168,480 shares at net asset value of $11.76 per share (cost $1,724,777)	$ 1,981,322	-	-	-
Balanced Fund, 33,377 shares at net asset value of $10.53 per share (cost $336,822)	-	351,456	-	-
Dent Demographics Fund, 40,927 shares at net asset value of $5.60 per share (cost $213,994)	-	-	229,191	-
Premier Equity Fund, 24,471 shares at net asset value of $21.18 per share (cost $470,711)	-	-	-	518,293
Investments in shares of American Century Variable Portfolios, Inc.:				
Income & Growth Fund, 127,474 shares at net asset value of $7.30 per share (cost $848,646)	-	-	-	-
Ultra Fund, 947,387 shares at net asset value of $10.13 per share (cost $8,745,697)	-	-	-	-
Value Fund, 369,992 shares at net asset value of $8.74 per share (cost $2,948,563)	-	-	-	-
	1,981,322	351,456	229,191	518,293
Receivable from Minnesota Life for Policy purchase payments	3,574	6,463	-	76
Receivable for investments sold	-	-	41	-
Total assets	1,984,896	357,919	229,232	518,369
Liabilities				
Payable to Minnesota Life for Policy terminations, withdrawal payments and mortality and expense charges	-	-	41	-
Payable for investments purchased	3,574	6,463	-	76
Total liabilities	3,574	6,463	41	76
Net assets applicable to policy owners	$ 1,981,322	351,456	229,191	518,293
Policy Owners' Equity				
Total Policy Owners' equity (notes 5 and 6)	$ 1,981,322	351,456	229,191	518,293

<CAPTION>

	Segregated Sub-Accounts		
	American Century Income and Growth	American Century Ultra	American Century Value
<S>	<C>	<C>	<C>
Assets			
Investments in shares of AIM Variable Insurance Funds:			
Aggressive Growth Fund, 168,480 shares at net asset value of $11.76 per share (cost $1,724,777)	-	-	-
Balanced Fund, 33,377 shares at net asset value of $10.53 per share (cost $336,822)	-	-	-
Dent Demographics Fund, 40,927 shares at net asset value of $5.60 per share (cost $213,994)	-	-	-
Premier Equity Fund, 24,471 shares at net asset value of $21.18 per share (cost $470,711)	-	-	-
Investments in shares of American Century Variable Portfolios, Inc.:			
Income & Growth Fund, 127,474 shares at net asset value of $7.30 per share (cost $848,646)	930,562	-	-
Ultra Fund, 947,387 shares at net asset value of $10.13 per share (cost $8,745,697)	-	9,597,027	-
Value Fund, 369,992 shares at net asset value of $8.74 per share (cost $2,948,563)	-	-	3,233,734
	930,562	9,597,027	3,233,734
Receivable from Minnesota Life for Policy purchase payments	-	120,023	14,320
Receivable for investments sold	215	-	-
Total assets	930,777	9,717,050	3,248,054
Liabilities			
Payable to Minnesota Life for Policy terminations, withdrawal payments and mortality and expense charges	215	-	-
Payable for investments purchased	-	120,023	14,320
Total liabilities	215	120,023	14,320
Net assets applicable to policy owners	930,562	9,597,027	3,233,734

Policy Owners' Equity			
Total Policy Owners' equity (notes 5 and 6)	930,562	9,597,027	3,233,734

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Assets and Liabilities
December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	Credit Suisse Global Post-Venture Capital	Fidelity VIP Contrafund	Fidelity VIP Equity-Income	Fidelity VIP Mid-Cap
<S>	<C>	<C>	<C>	<C>
Assets				
Investments in shares of Credit Suisse Trust:				
Global Post-Venture Capital Portfolio, 169,299 shares at net asset value of $11.15 per share (cost $1,561,863)	$ 1,887,687	-	-	-
Investments in shares of Fidelity Variable Insurance Products Fund:				
Contrafund Portfolio, 1,404,705 shares at net asset value of $26.35 per share (cost $29,427,716)	-	37,013,973	-	-
Equity-Income Portfolio, 1,495,889 shares at net asset value of $25.09 per share (cost $31,671,272)	-	-	37,531,850	-
Mid-Cap Portfolio, 1,054,420 shares at net asset value of $29.88 per share (cost $21,622,583)	-	-	-	31,506,078
Investments in shares of Franklin Templeton Variable Insurance Products Trust:				
Large Cap Growth Securities Fund, 110,181 shares at net asset value of $14.90 per share (cost $1,528,391)	-	-	-	-
Mutual Shares Securities Fund, 290,607 shares at net asset value of $16.64 per share (cost $4,343,421)	-	-	-	-
Small Cap Fund, 881,574 shares at net asset value of $19.43 per share (cost $13,873,420)	-	-	-	-
	1,887,687	37,013,973	37,531,850	31,506,078
Receivable from Minnesota Life for Policy purchase payments	-	6,836	148,663	-
Receivable for investments sold	536	-	-	4,466
Total assets	1,888,223	37,020,809	37,680,513	31,510,544
Liabilities				
Payable to Minnesota Life for Policy terminations, withdrawal payments and mortality and expense charges	536	-	-	4,466
Payable for investments purchased	-	6,836	148,663	-
Total liabilities	536	6,836	148,663	4,466
Net assets applicable to policy owners	$ 1,887,687	37,013,973	37,531,850	31,506,078
Policy Owners' Equity				
Total Policy Owners' equity (notes 5 and 6)	$ 1,887,687	37,013,973	37,531,850	31,506,078

<CAPTION>

	Segregated Sub-Accounts		
	Franklin Large Cap Growth Securities	Franklin Mutual Shares Securities	Franklin Small Cap
<S>	<C>	<C>	<C>
Assets			
Investments in shares of Credit Suisse Trust:			
Global Post-Venture Capital Portfolio, 169,299 shares at net asset value of $11.15 per share (cost $1,561,863)	-	-	-
Investments in shares of Fidelity Variable Insurance Products Fund:			
Contrafund Portfolio, 1,404,705 shares at net asset value of $26.35 per share (cost $29,427,716)	-	-	-
Equity-Income Portfolio, 1,495,889 shares at net asset value of $25.09 per share (cost $31,671,272)	-	-	-
Mid-Cap Portfolio, 1,054,420 shares at net asset value of $29.88 per share (cost $21,622,583)	-	-	-

Investments in shares of Franklin Templeton Variable Insurance Products Trust:			
Large Cap Growth Securities Fund, 110,181 shares at net asset value of $14.90 per share (cost $1,528,391)	1,641,699	-	-
Mutual Shares Securities Fund, 290,607 shares at net asset value of $16.64 per share (cost $4,343,421)	-	4,835,693	-
Small Cap Fund, 881,574 shares at net asset value of $19.43 per share (cost $13,873,420)	-	-	17,128,990
	1,641,699	4,835,693	17,128,990
Receivable from Minnesota Life for Policy purchase payments	-	42,552	-
Receivable for investments sold	1,660	-	13,596
Total assets	1,643,359	4,878,245	17,142,586
Liabilities			
Payable to Minnesota Life for Policy terminations, withdrawal payments and mortality and expense charges	1,660	-	13,596
Payable for investments purchased	-	42,552	-
Total liabilities	1,660	42,552	13,596
Net assets applicable to policy owners	1,641,699	4,835,693	17,128,990
Policy Owners' Equity			
Total Policy Owners' equity (notes 5 and 6)	1,641,699	4,835,693	17,128,990

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Assets and Liabilities
December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	Templeton Developing Markets Securities	Templeton Global Asset Allocation	Janus Aspen Balanced	Janus Aspen Capital Appreciation
<S>	<C>	<C>	<C>	<C>
Assets				
Investments in shares of Franklin Templeton Variable Insurance Products Trust:				
Developing Markets Securities Fund, 1,685,371 shares at net asset value of $8.67 per share (cost $10,051,343)	$ 14,612,168	-	-	-
Global Asset Allocation Fund, 286,557 shares at net asset value of $20.95 per share (cost $5,077,658)	-	6,003,376	-	-
Investments in shares of Janus Aspen Series - Service Shares:				
Balanced Portfolio, 14,494 shares at net asset value of $25.24 per share (cost $339,812)	-	-	365,833	-
Capital Appreciation Portfolio, 1,004,601 shares at net asset value of $24.39 per share (cost $22,824,060)	-	-	-	24,502,223
International Growth Portfolio, 785,950 shares at net asset value of $26.94 per share (cost $19,077,740)	-	-	-	-
Investments in shares of MFS Variable Insurance Trust:				
Investors Growth Stock Series, 70,335 shares at net asset value of $9.34 per share (cost $602,965)	-	-	-	-
Mid Cap Growth Series, 127,835 shares at net asset value of $7.00 per share (cost $830,019)	-	-	-	-
	14,612,168	6,003,376	365,833	24,502,223
Receivable from Minnesota Life for Policy purchase payments	-	42,706	143	-
Receivable for investments sold	22,644	-	-	10,005
Total assets	14,634,812	6,046,082	365,976	24,512,228
Liabilities				
Payable to Minnesota Life for Policy terminations, withdrawal payments and mortality and expense charges	22,644	-	-	10,005
Payable for investments purchased	-	42,706	143	-
Total liabilities	22,644	42,706	143	10,005

Net assets applicable to policy owners	$ 14,612,168	6,003,376	365,833	24,502,223
Policy Owners' Equity				
Total Policy Owners' equity (notes 5 and 6)	$ 14,612,168	6,003,376	365,833	24,502,223

<CAPTION>

<S>	Segregated Sub-Accounts: Janus Aspen International Growth <C>	MFS Investors Growth Stock <C>	MFS Mid Cap Growth <C>
Assets			
Investments in shares of Franklin Templeton Variable Insurance Products Trust:			
Developing Markets Securities Fund, 1,685,371 shares at net asset value of $8.67 per share (cost $10,051,343)	-	-	-
Global Asset Allocation Fund, 286,557 shares at net asset value of $20.95 per share (cost $5,077,658)	-	-	-
Investments in shares of Janus Aspen Series - Service Shares:			
Balanced Portfolio, 14,494 shares at net asset value of $25.24 per share (cost $339,812)	-	-	-
Capital Appreciation Portfolio, 1,004,601 shares at net asset value of $24.39 per share (cost $22,824,060)	-	-	-
International Growth Portfolio, 785,950 shares at net asset value of $26.94 per share (cost $19,077,740)	21,173,506	-	-
Investments in shares of MFS Variable Insurance Trust:			
Investors Growth Stock Series, 70,335 shares at net asset value of $9.34 per share (cost $602,965)	-	656,928	-
Mid Cap Growth Series, 127,835 shares at net asset value of $7.00 per share (cost $830,019)	-	-	894,843
	21,173,506	656,928	894,843
Receivable from Minnesota Life for Policy purchase payments	90,264	-	-
Receivable for investments sold	-	2,659	202
Total assets	21,263,770	659,587	895,045
Liabilities			
Payable to Minnesota Life for Policy terminations, withdrawal payments and mortality and expense charges	-	2,659	202
Payable for investments purchased	90,264	-	-
Total liabilities	90,264	2,659	202
Net assets applicable to policy owners	21,173,506	656,928	894,843
Policy Owners' Equity			
Total Policy Owners' equity (notes 5 and 6)	21,173,506	656,928	894,843

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Assets and Liabilities
December 31, 2004

<TABLE>
<CAPTION>

<S>	Segregated Sub-Accounts: MFS New Discovery <C>	MFS Value <C>	Oppenheimer Capital Appreciation <C>	Oppenheimer High Income <C>
Assets				
Investments in shares of MFS Variable Insurance Trust:				
New Discovery Fund, 295,389 shares at net asset value of $14.71 per share (cost $4,073,678)	$ 4,345,170	-	-	-
Value Fund, 396,504 shares at net asset value of $12.07 per share (cost $4,159,199)	-	4,785,808	-	-
Investments in shares of Oppenheimer Variable Account Funds:				
Capital Appreciation Fund, 87,959 shares at net asset value of $36.73 per share (cost $3,000,439)	-	-	3,230,727	-
High Income Fund, 384,133 shares at net asset value of $8.76 per share				

(cost $3,237,589)	-	-	-	3,365,008
Investments in shares of Panorama Series Funds, Inc.:				
International Growth, 2,313,474 shares at net asset value of $1.34 per share (cost $2,648,099)	-	-	-	-
Investments in shares of Putnam Variable Trust:				
Growth and Income Fund, 12,944 shares at net asset value of $25.44 per share (cost $295,442)	-	-	-	-
International Growth Fund, 244,494 shares at net asset value of $14.71 per share (cost $3,054,989)	-	-	-	-
	4,345,170	4,785,808	3,230,727	3,365,008
Receivable from Minnesota Life for Policy purchase payments	28,848	7,838	8,852	21,782
Receivable for investments sold	-	-	-	-
Total assets	4,374,018	4,793,646	3,239,579	3,386,790
Liabilities				
Payable to Minnesota Life for Policy terminations, withdrawal payments and mortality and expense charges	-	-	-	-
Payable for investments purchased	28,848	7,838	8,852	21,782
Total liabilities	28,848	7,838	8,852	21,782
Net assets applicable to policy owners	$ 4,345,170	4,785,808	3,230,727	3,365,008
Policy Owners' Equity				
Total Policy Owners' equity (notes 5 and 6)	$ 4,345,170	4,785,808	3,230,727	3,365,008

<CAPTION>

<S>	Segregated Sub-Accounts		
	Oppenheimer International Growth <C>	Putnam VT Growth and Income <C>	Putnam VT International Growth <C>
Assets			
Investments in shares of MFS Variable Insurance Trust:			
New Discovery Fund, 295,389 shares at net asset value of $14.71 per share (cost $4,073,678)	-	-	-
Value Fund, 396,504 shares at net asset value of $12.07 per share (cost $4,159,199)	-	-	-
Investments in shares of Oppenheimer Variable Account Funds:			
Capital Appreciation Fund, 87,959 shares at net asset value of $36.73 per share (cost $3,000,439)	-	-	-
High Income Fund, 384,133 shares at net asset value of $8.76 per share (cost $3,237,589)	-	-	-
Investments in shares of Panorama Series Funds, Inc.:			
International Growth, 2,313,474 shares at net asset value of $1.34 per share (cost $2,648,099)	3,100,055	-	-
Investments in shares of Putnam Variable Trust:			
Growth and Income Fund, 12,944 shares at net asset value of $25.44 per share (cost $295,442)	-	329,299	-
International Growth Fund, 244,494 shares at net asset value of $14.71 per share (cost $3,054,989)	-	-	3,596,507
	3,100,055	329,299	3,596,507
Receivable from Minnesota Life for Policy purchase payments	3,136	-	26,023
Receivable for investments sold	-	249	-
Total assets	3,103,191	329,548	3,622,530
Liabilities			
Payable to Minnesota Life for Policy terminations, withdrawal payments and mortality and expense charges	-	249	-
Payable for investments purchased	3,136	-	26,023
Total liabilities	3,136	249	26,023
Net assets applicable to policy owners	3,100,055	329,299	3,596,507
Policy Owners' Equity			
Total Policy Owners' equity (notes 5 and 6)	3,100,055	329,299	3,596,507

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Assets and Liabilities
December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	Putnam VT New Opportunities	Putnam VT New Value	Putnam VT Voyager	Waddell & Reed Balanced
<S>	<C>	<C>	<C>	<C>
Assets				
Investments in shares of Putnam Variable Trust:				
New Opportunities Fund, 3,630 shares at net asset value of $16.80 per share (cost $55,542)	$ 60,976	-	-	-
New Value Fund, 108,242 shares at net asset value of $16.33 per share (cost $1,573,584)	-	1,767,585	-	-
Voyager Fund, 118,853 shares at net asset value of $27.20 per share .. (cost $3,014,903)	-	-	3,232,814	-
Investments in shares of Waddell & Reed Target Funds, Inc.:				
Balanced Portfolio, 19,326,438 shares at net asset value of $7.68 per share (cost $149,720,036)	-	-	-	148,394,189
Growth Portfolio, 20,753,151 shares at net asset value of $8.37 per .. share (cost $189,575,381)	-	-	-	-
International II Portfolio, 7,902,570 shares at net asset value of ... $19.17 per share (cost $116,227,445)	-	-	-	-
Small Cap Growth Portfolio, 9,486,500 shares at net asset value of $9 68 per share (cost $87,932,182)	-	-	-	-
	60,976	1,767,585	3,232,814	148,394,189
Receivable from Minnesota Life for Policy purchase payments	-	-	27,670	1,593
Receivable for investments sold	15	5,377	-	-
Total assets	60,991	1,772,962	3,260,484	148,395,782
Liabilities				
Payable to Minnesota Life for Policy terminations, withdrawal payments . and mortality and expense charges	15	5,377	-	-
Payable for investments purchased	-	-	27,670	1,593
Total liabilities	15	5,377	27,670	1,593
Net assets applicable to policy owners	$ 60,976	1,767,585	3,232,814	148,394,189
Policy Owners' Equity				
Total Policy Owners' equity (notes 5 and 6)	$ 60,976	1,767,585	3,232,814	148,394,189

<CAPTION>

	Segregated Sub-Accounts		
	Waddell & Reed Growth	Waddell & Reed International II	Waddell & Reed Small Cap Growth
<S>	<C>	<C>	<C>
Assets			
Investments in shares of Putnam Variable Trust:			
New Opportunities Fund, 3,630 shares at net asset value of $16.80 per share (cost $55,542)..	-	-	-
New Value Fund, 108,242 shares at net asset value of $16.33 per share (cost $1,573,584)	-	-	-
Voyager Fund, 118,853 shares at net asset value of $27.20 per share (cost $3,014,903)	-	-	-
Investments in shares of Waddell & Reed Target Funds, Inc.:			
Balanced Portfolio, 19,326,438 shares at net asset value of $7.68 per share (cost $149,720,036)..	-	-	-
Growth Portfolio, 20,753,151 shares at net asset value of $8.37 per share (cost $189,575,381).	173,761,982	-	-
International II Portfolio, 7,902,570 shares at net asset value of $19.17 per share (cost $116,227,445).	-	151,477,262	-
Small Cap Growth Portfolio, 9,486,500 shares at net asset value of $9.68 per share (cost $87,932,182)..	-	-	91,838,802

	173,761,982	151,477,262	91,838,802
Receivable from Minnesota Life for Policy purchase payments.	-	70,443	17,379
Receivable for investments sold	99,912	-	-
Total assets.	173,861,894	151,547,705	91,856,181
Liabilities			
Payable to Minnesota Life for Policy terminations, withdrawal .... payments and mortality and expense charges..	99,912	-	-
Payable for investments purchased.	-	70,443	17,379
Total liabilities	99,912	70,443	17,379
Net assets applicable to policy owners	173,761,982	151,477,262	91,838,802
Policy Owners' Equity			
Total Policy Owners' equity (notes 5 and 6)	173,761,982	151,477,262	91,838,802

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Assets and Liabilities
December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	Waddell & Reed Value	Waddell & Reed Micro-Cap Growth	Waddell & Reed Small Cap Value	Waddell & Reed Core Equity
<S>	<C>	<C>	<C>	<C>
Assets				
Investments in shares of Waddell & Reed Target Funds, Inc.:				
Value Portfolio, 11,559,365 shares at net asset value of $6.22 per share (cost $62,003,217)	$ 71,928,148	-	-	-
Micro-Cap Growth Portfolio, 1,235,300 shares at net asset value of $14.80 per share (cost $16,525,193)	-	18,281,451	-	-
Small Cap Value Portfolio, 2,257,673 shares at net asset value of $16.63 per share (cost $28,608,860)	-	-	37,551,645	-
Core Equity Portfolio, 1,035,768 shares at net asset value of $10.24 per share (cost $10,229,137)	-	-	-	10,603,056
Asset Strategy Portfolio, 82,847 shares at net asset value of $7.69 per share (cost $594,489)	-	-	-	-
International Portfolio, 135,719 shares at net asset value of $6.65 per share (cost $805,294)	-	-	-	-
Science & Technology Portfolio, 43,269 shares at net asset value of $14.40 per share (cost $549,724)	-	-	-	-
	71,928,148	18,281,451	37,551,645	10,603,056
Receivable from Minnesota Life for Policy purchase payments	-	4,964	57,744	-
Receivable for investments sold	19,010	-	-	5,486
Total assets	71,947,158	18,286,415	37,609,389	10,608,542
Liabilities				
Payable to Minnesota Life for Policy terminations, withdrawal payments and mortality and expense charges	19,010	-	-	5,486
Payable for investments purchased	-	4,964	57,744	-
Total liabilities	19,010	4,964	57,744	5,486
Net assets applicable to policy owners	$ 71,928,148	18,281,451	37,551,645	10,603,056
Policy Owners' Equity				
Total Policy Owners' equity (notes 5 and 6)	$ 71,928,148	18,281,451	37,551,645	10,603,056

<CAPTION>

	Segregated Sub-Accounts	
	Waddell	Waddell

Assets	& Reed Asset Strategy	Waddell & Reed International	& Reed Science & Technology
<S>	<C>	<C>	<C>
Investments in shares of Waddell & Reed Target Funds, Inc.:			
Value Portfolio, 11,559,365 shares at net asset value of $6.22 per share (cost $62,003,217)	-	-	-
Micro-Cap Growth Portfolio, 1,235,300 shares at net asset value of $14.80 per share (cost $16,525,193)	-	-	-
Small Cap Value Portfolio, 2,257,673 shares at net asset value of $16.63 per share (cost $28,608,860)	-	-	-
Core Equity Portfolio, 1,035,768 shares at net asset value of $10.24 per share (cost $10,229,137)	-	-	-
Asset Strategy Portfolio, 82,847 shares at net asset value of $7.69 per share (cost $594,489)	637,309	-	-
International Portfolio, 135,719 shares at net asset value of $6.65 per share (cost $805,294)	-	902,995	-
Science & Technology Portfolio, 43,269 shares at net asset value of $14.40 per share (cost $549,724)	-	-	623,134
	637,309	902,995	623,134
Receivable from Minnesota Life for Policy purchase payments	7,300	3,968	-
Receivable for investments sold	-	-	961
Total assets	644,609	906,963	624,095
Liabilities			
Payable to Minnesota Life for Policy terminations, withdrawal payments and mortality and expense charges	-	-	961
Payable for investments purchased	7,300	3,968	-
Total liabilities	7,300	3,968	961
Net assets applicable to policy owners	637,309	902,995	623,134
Policy Owners' Equity			
Total Policy Owners' equity (notes 5 and 6)	637,309	902,995	623,134

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Operations
Year ended December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	Advantus Bond	Advantus Money Market	Advantus Index 500	Advantus Mortgage Securities
<S>	<C>	<C>	<C>	<C>
Investment income (loss):				
Investment income distributions from underlying mutual fund	$ -	124,991	-	-
Mortality, expense charges and administrative charges (note 3)	(335,759)	(83,747)	(1,216,414)	(258,584)
Investment income (loss) - net	(335,759)	41,244	(1,216,414)	(258,584)
Realized and unrealized gains (losses) on investments - net:				
Realized gain distributions from underlying mutual fund	-	-	-	-
Realized gains (losses) on sales of investments:				
Proceeds from sales	4,096,932	11,178,457	10,776,845	3,307,142
Cost of investments sold	(3,620,820)	(11,178,457)	(10,181,058)	(2,955,412)
	476,112	-	595,787	351,730
Net realized gains (losses) on investments	476,112	-	595,787	351,730
Net change in unrealized appreciation or depreciation of investments	2,788,573	-	24,447,826	2,086,600
Net gains (losses) on investments	3,264,685	-	25,043,613	2,438,330
Net increase (decrease) in net assets resulting from operations	$ 2,928,926	41,244	23,827,199	2,179,746

<CAPTION>

	Segregated Sub-Accounts		
	Advantus International Bond	Advantus Index 400 Mid-Cap	Advantus Real Estate Securities
<S>	<C>	<C>	<C>
Investment income (loss):			
Investment income distributions from underlying mutual fund	-	-	-
Mortality, expense charges and administrative charges (note 3)	(51,130)	(131,887)	(101,728)
Investment income (loss) - net	(51,130)	(131,887)	(101,728)
Realized and unrealized gains (losses) on investments - net:			
Realized gain distributions from underlying mutual fund	-	-	-
Realized gains (losses) on sales of investments:			
Proceeds from sales	939,106	2,279,045	1,082,050
Cost of investments sold.	(724,284)	(1,896,313)	(740,163)
	214,822	382,732	341,887
Net realized gains (losses) on investments	214,822	382,732	341,887
Net change in unrealized appreciation or depreciation of investments .	994,833	3,709,918	6,528,702
Net gains (losses) on investments	1,209,655	4,092,650	6,870,589
Net increase (decrease) in net assets resulting from operations ..	1,158,525	3,960,763	6,768,861

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Operations
Year ended December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	AIM V.I. Aggressive Growth	AIM V.I. Balanced	AIM V.I. Dent Demographic Trends	AIM V.I. Premier Equity
<S>	<C>	<C>	<C>	<C>
Investment income (loss):				
Investment income distributions from underlying mutual fund	$ -	4,549	-	1,587
Mortality, expense charges and administrative charges (note 3)	(7,420)	(1,307)	(919)	(1,773)
Investment income (loss) - net	(7,420)	3,242	(919)	(186)
Realized and unrealized gains (losses) on investments - net:				
Realized gain distributions from underlying mutual fund	-	-	-	-
Realized gains (losses) on sales of investments:				
Proceeds from sales	172,935	120,751	81,117	23,183
Cost of investments sold	(145,555)	(113,687)	(80,022)	(20,642)
	27,380	7,064	1,095	2,541
Net realized gains (losses) on investments	27,380	7,064	1,095	2,541
Net change in unrealized appreciation or depreciation of investments .	169,196	8,208	11,049	23,544
Net gains (losses) on investments	196,576	15,272	12,144	26,085
Net increase (decrease) in net assets resulting from operations ..	$ 189,156	18,514	11,225	25,899

<CAPTION>

	Segregated Sub-Accounts		
	American Century Income and Growth	American Century Ultra	American Century Value

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

Investment income (loss):			
Investment income distributions from underlying mutual fund	$ 4,629	-	8,209
Mortality, expense charges and administrative charges (note 3)	(2,836)	(26,911)	(7,876)
Investment income (loss) - net	1,793	(26,911)	333
Realized and unrealized gains (losses) on investments - net:			
Realized gain distributions from underlying mutual fund	-	-	7,535
Realized gains (losses) on sales of investments:			
Proceeds from sales	191,911	161,544	265,261
Cost of investments sold	(168,462)	(133,892)	(220,331)
	23,449	27,652	44,930
Net realized gains (losses) on investments	23,449	27,652	52,465
Net change in unrealized appreciation or depreciation of investments .	54,666	728,592	211,539
Net gains (losses) on investments	78,115	756,244	264,004
Net increase (decrease) in net assets resulting from operations	$ 79,908	729,333	264,337

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Operations
Year ended December 31, 2004

<TABLE>
<CAPTION>

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

	Segregated Sub-Accounts			
	Credit Suisse Global Post-Venture Capital	Fidelity VIP Contrafund	Fidelity VIP Equity-Income	Fidelity VIP Mid-Cap
Investment income (loss):				
Investment income distributions from underlying mutual fund	$ -	57,059	365,077	-
Mortality, expense charges and administrative charges (note 3)	(8,108)	(149,123)	(148,915)	(119,155)
Investment income (loss) - net	(8,108)	(92,064)	216,162	(119,155)
Realized and unrealized gains (losses) on investments - net:				
Realized gain distributions from underlying mutual fund	-	-	95,141	-
Realized gains (losses) on sales of investments:				
Proceeds from sales	487,650	757,298	1,387,120	882,736
Cost of investments sold	(474,790)	(642,059)	(1,266,249)	(654,707)
	12,860	115,239	120,871	228,029
Net realized gains (losses) on investments	12,860	115,239	216,012	228,029
Net change in unrealized appreciation or depreciation of investments .	261,234	4,368,947	2,917,348	5,531,819
Net gains (losses) on investments	274,094	4,484,186	3,133,360	5,759,848
Net increase (decrease) in net assets resulting from operations ..	$ 265,986	4,392,122	3,349,522	5,640,693

<CAPTION>

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

	Segregated Sub-Accounts		
	Franklin Large Cap Growth Securities	Franklin Mutual Shares Securities	Franklin Small Cap
Investment income (loss):			
Investment income distributions from underlying mutual fund	4,822	18,805	-
Mortality, expense charges and administrative charges (note 3)	(5,288)	(13,372)	(70,822)
Investment income (loss) - net	(466)	5,433	(70,822)

Realized and unrealized gains (losses) on investments - net:			
Realized gain distributions from underlying mutual fund	-	-	-
Realized gains (losses) on sales of investments:			
Proceeds from sales	296,120	118,407	1,005,000
Cost of investments sold	(255,150)	(98,706)	(858,216)
	40,970	19,701	146,784
Net realized gains (losses) on investments	40,970	19,701	146,784
Net change in unrealized appreciation or depreciation of investments .	59,152	385,842	1,522,935
Net gains (losses) on investments	100,122	405,543	1,669,719
Net increase (decrease) in net assets resulting from operations ..	99,656	410,976	1,598,897

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Operations
Year ended December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	Templeton Developing Markets Securities	Templeton Global Asset Allocation	Janus Aspen Balanced	Janus Aspen Capital Appreciation
<S>	<C>	<C>	<C>	<C>
Investment income (loss):				
Investment income distributions from underlying mutual fund	$ 221,499	117,024	7,416	5,729
Mortality, expense charges and administrative charges (note 3)	(61,027)	(21,037)	(1,482)	(108,888)
Investment income (loss) - net	160,472	95,987	5,934	(103,159)
Realized and unrealized gains (losses) on investments - net:				
Realized gain distributions from underlying mutual fund	-	-	-	-
Realized gains (losses) on sales of investments:				
Proceeds from sales	1,746,043	342,078	62,640	2,563,775
Cost of investments sold	(1,295,326)	(303,603)	(57,216)	(2,751,092)
	450,717	38,475	5,424	(187,317)
Net realized gains (losses) on investments	450,717	38,475	5,424	(187,317)
Net change in unrealized appreciation or depreciation of investments .	2,185,193	564,427	15,231	3,914,933
Net gains (losses) on investments	2,635,910	602,902	20,655	3,727,616
Net increase (decrease) in net assets resulting from operations ..	$ 2,796,382	698,889	26,589	3,624,457

<CAPTION>

	Segregated Sub-Accounts		
	Janus International Growth	MFS Investors Growth Stock	MFS Mid Cap Growth
<S>	<C>	<C>	<C>
Investment income (loss):			
Investment income distributions from underlying mutual fund	156,885	-	-
Mortality, expense charges and administrative charges (note 3)	(90,535)	(2,733)	(3,307)
Investment income (loss) - net	66,350	(2,733)	(3,307)
Realized and unrealized gains (losses) on investments - net:			
Realized gain distributions from underlying mutual fund	-	-	-
Realized gains (losses) on sales of investments:			
Proceeds from sales	1,898,634	219,257	720,446
Cost of investments sold	(2,002,867)	(202,423)	(700,527)
	(104,233)	16,834	19,919

Net realized gains (losses) on investments	(104,233)	16,834	19,919
Net change in unrealized appreciation or depreciation of investments	3,255,464	32,436	49,904
Net gains (losses) on investments	3,151,231	49,270	69,823
Net increase (decrease) in net assets resulting from operations	3,217,581	46,537	66,516

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Operations
Year ended December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	MFS New Discovery	MFS Value	Oppenheimer Capital Appreciation	Oppenheimer High Income
<S>	<C>	<C>	<C>	<C>
Investment income (loss):				
Investment income distributions from underlying mutual fund	$ -	51,161	3,789	114,375
Mortality, expense charges and administrative charges (note 3)	(14,662)	(15,301)	(10,468)	(10,815)
Investment income (loss) - net	(14,662)	35,860	(6,679)	103,560
Realized and unrealized gains (losses) on investments - net:				
Realized gain distributions from underlying mutual fund	-	-	-	-
Realized gains (losses) on sales of investments:				
Proceeds from sales	583,099	151,399	225,460	624,964
Cost of investments sold	(530,464)	(129,664)	(194,247)	(605,952)
	52,635	21,735	31,213	19,012
Net realized gains (losses) on investments	52,635	21,735	31,213	19,012
Net change in unrealized appreciation or depreciation of investments	205,742	454,834	149,841	69,810
Net gains (losses) on investments	258,377	476,569	181,054	88,822
Net increase (decrease) in net assets resulting from operations	$ 243,715	512,429	174,375	192,382

<CAPTION>

	Segregated Sub-Accounts		
	Oppenheimer International Growth	Putnam VT Growth and Income	Putnam VT International Growth
<S>	<C>	<C>	<C>
Investment income (loss):			
Investment income distributions from underlying mutual fund	21,418	4,042	30,885
Mortality, expense charges and administrative charges (note 3)	(10,340)	(1,291)	(12,664)
Investment income (loss) - net	11,078	2,751	18,221
Realized and unrealized gains (losses) on investments - net:			
Realized gain distributions from underlying mutual fund	-	-	-
Realized gains (losses) on sales of investments:			
Proceeds from sales	364,782	45,954	432,708
Cost of investments sold	(291,270)	(39,468)	(348,680)
	73,512	6,486	84,028
Net realized gains (losses) on investments	73,512	6,486	84,028
Net change in unrealized appreciation or depreciation of investments	335,037	18,021	363,845
Net gains (losses) on investments	408,549	24,507	447,873
Net increase (decrease) in net assets resulting from operations	419,627	27,258	466,094

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Operations
Year ended December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	Putnam VT New Opportunities	Putnam VT New Value	Putnam VT Voyager	Waddell & Reed Balanced
<S>	<C>	<C>	<C>	<C>
Investment income (loss):				
Investment income distributions from underlying mutual fund	$ -	6,076	5,095	2,087,407
Mortality, expense charges and administrative charges (note 3)	(508)	(4,744)	(11,926)	(710,781)
Investment income (loss) - net	(508)	1,332	(6,831)	1,376,626
Realized and unrealized gains (losses) on investments - net:				
Realized gain distributions from underlying mutual fund	-	-	-	-
Realized gains (losses) on sales of investments:				
Proceeds from sales	131,673	252,486	215,897	12,990,964
Cost of investments sold	(122,917)	(206,232)	(194,799)	(13,880,213)
	8,756	46,254	21,098	(889,249)
Net realized gains (losses) on investments	8,756	46,254	21,098	(889,249)
Net change in unrealized appreciation or depreciation of investments .	2,986	121,994	132,113	11,159,598
Net gains (losses) on investments	11,742	168,248	153,211	10,270,349
Net increase (decrease) in net assets resulting from operations	$ 11,234	169,580	146,380	11,646,975

<CAPTION>

	Segregated Sub-Accounts		
	Waddell & Reed Growth	Waddell & Reed International II	Waddell & Reed Small Cap Growth
<S>	<C>	<C>	<C>
Investment income (loss):			
Investment income distributions from underlying mutual fund	469,680	1,436,181	-
Mortality, expense charges and administrative charges (note 3)	(850,190)	(663,144)	(422,269)
Investment income (loss) - net	(380,510)	773,037	(422,269)
Realized and unrealized gains (losses) on investments - net:			
Realized gain distributions from underlying mutual fund	-	1,133,819	-
Realized gains (losses) on sales of investments:			
Proceeds from sales	13,470,609	8,559,641	8,109,684
Cost of investments sold	(16,651,245)	(7,321,998)	(8,809,097)
	(3,180,636)	1,237,643	(699,413)
Net realized gains (losses) on investments	(3,180,636)	2,371,462	(699,413)
Net change in unrealized appreciation or depreciation of investments .	8,178,901	24,364,116	12,224,651
Net gains (losses) on investments	4,998,265	26,735,578	11,525,238
Net increase (decrease) in net assets resulting from operations	4,617,755	27,508,615	11,102,969

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Operations
Year ended December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	Waddell & Reed Value	Waddell & Reed Micro-Cap Growth	Waddell & Reed Small Cap Value	Waddell & Reed Core Equity
<S>	<C>	<C>	<C>	<C>
Investment income (loss):				
Investment income distributions from underlying mutual fund	$ 710,138	-	-	64,018
Mortality, expense charges and administrative charges (note 3)	(333,468)	(86,350)	(157,303)	(48,938)
Investment income (loss) - net	376,670	(86,350)	(157,303)	15,080
Realized and unrealized gains (losses) on investments - net:				
Realized gain distributions from underlying mutual fund	-	-	1,826,341	-
Realized gains (losses) on sales of investments:				
Proceeds from sales	5,758,322	3,382,137	2,142,640	1,738,678
Cost of investments sold	(5,361,800)	(3,648,240)	(1,668,264)	(1,876,513)
	396,522	(266,103)	474,376	(137,835)
Net realized gains (losses) on investments	396,522	(266,103)	2,300,717	(137,835)
Net change in unrealized appreciation or depreciation of investments .	8,214,821	1,846,334	2,413,155	961,258
Net gains (losses) on investments	8,611,343	1,580,231	4,713,872	823,423
Net increase (decrease) in net assets resulting from operations	$ 8,988,013	1,493,881	4,556,569	838,503

<CAPTION>

	Segregated Sub-Accounts		
	Waddell & Reed Asset Strategy	Waddell & Reed International	Waddell & Reed Science & Technology
<S>	<C>	<C>	<C>
Investment income (loss):			
Investment income distributions from underlying mutual fund	$ 7,952	5,482	-
Mortality, expense charges and administrative charges (note 3)	(1,447)	(2,555)	(1,792)
Investment income (loss) - net	6,505	2,927	(1,792)
Realized and unrealized gains (losses) on investments - net:			
Realized gain distributions from underlying mutual fund	4,242	-	-
Realized gains (losses) on sales of investments:			
Proceeds from sales	61,266	534,105	387,912
Cost of investments sold	(60,612)	(520,590)	(392,732)
	654	13,515	(4,820)
Net realized gains (losses) on investments	4,896	13,515	(4,820)
Net change in unrealized appreciation or depreciation of investments .	41,715	81,267	70,463
Net gains (losses) on investments	46,611	94,782	65,643
Net increase (decrease) in net assets resulting from operations	$ 53,116	97,709	63,851

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statement of Changes in Net Assets
Year ended December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	Advantus Bond	Advantus Money Market	Advantus Index 500	Advantus Mortgage Securities

<S>	<C>	<C>	<C>	<C>
Operations:				
Investment income (loss) - net	$ (335,759)	41,244	(1,216,414)	(258,584)
Net realized gains (losses) on investments	476,112	-	595,787	351,730
Net change in unrealized appreciation or depreciation of investments	2,788,573	-	24,447,826	2,086,600
Net increase (decrease) in net assets resulting from operations	2,928,926	41,244	23,827,199	2,179,746
Policy transactions (notes 2, 3, 4 and 5):				
Policy purchase payments	7,912,396	9,504,325	19,449,648	6,311,864
Policy terminations, withdrawal payments and charges	(3,997,944)	(11,141,549)	(10,347,830)	(3,217,063)
Increase (decrease) in net assets from Policy transactions	3,914,452	(1,637,224)	9,101,818	3,094,801
Increase (decrease) in net assets	6,843,378	(1,595,980)	32,929,017	5,274,547
Net assets at the beginning of year	64,912,460	18,328,561	233,704,567	49,223,053
Net assets at the end of year	$ 71,755,838	16,732,581	266,633,584	54,497,600

<CAPTION>

	Segregated Sub-Accounts		
	Advantus International Bond	Advantus Index 400 Mid-Cap	Advantus Real Estate Securities
<S>	<C>	<C>	<C>
Operations:			
Investment income (loss) - net	(51,130)	(131,887)	(101,728)
Net realized gains (losses) on investments	214,822	382,732	341,887
Net change in unrealized appreciation or depreciation of investments	994,833	3,709,918	6,528,702
Net increase (decrease) in net assets resulting from operations	1,158,525	3,960,763	6,768,861
Policy transactions (notes 2, 3, 4 and 5):			
Policy purchase payments	2,263,340	6,049,293	8,489,305
Policy terminations, withdrawal payments and charges	(924,421)	(2,247,598)	(1,066,492)
Increase (decrease) in net assets from Policy transactions	1,338,919	3,801,695	7,422,813
Increase (decrease) in net assets	2,497,444	7,762,458	14,191,674
Net assets at the beginning of year	9,639,586	23,447,795	15,304,774
Net assets at the end of year	12,137,030	31,210,253	29,496,448

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statement of Changes in Net Assets
Year ended December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	AIM V.I. Aggressive Growth	AIM V.I. Balanced	AIM V.I. Dent Demographic Trends	AIM V.I. Premier Equity
<S>	<C>	<C>	<C>	<C>
Operations:				
Investment income (loss) - net	$ (7,420)	3,242	(919)	(186)
Net realized gains (losses) on investments	27,380	7,064	1,095	2,541
Net change in unrealized appreciation or depreciation of investments	169,196	8,208	11,049	23,544
Net increase (decrease) in net assets resulting from operations	189,156	18,514	11,225	25,899
Policy transactions (notes 2, 3, 4 and 5):				
Policy purchase payments	880,305	288,154	183,147	235,436
Policy withdrawals and charges	(171,240)	(120,220)	(80,745)	(22,570)
Increase (decrease) in net assets from Policy transactions	709,065	167,934	102,402	212,866
Increase (decrease) in net assets	898,221	186,448	113,627	238,765

Net assets at the beginning of year	1,083,101	165,008	115,564	279,528
Net assets at the end of year	$ 1,981,322	351,456	229,191	518,293

<CAPTION>

	Segregated Sub-Accounts		
	American Century Income and Growth	American Century Ultra	American Century Value
<S>	<C>	<C>	<C>
Operations:			
Investment income (loss) - net	1,793	(26,911)	333
Net realized gains (losses) on investments	23,449	27,652	52,465
Net change in unrealized appreciation or depreciation of investments	54,666	728,592	211,539
Net increase (decrease) in net assets resulting from operations	79,908	729,333	264,337
Policy transactions (notes 2, 3, 4 and 5):			
Policy purchase payments	715,658	6,562,662	2,562,395
Policy withdrawals and charges	(191,040)	(159,574)	(264,194)
Increase (decrease) in net assets from Policy transactions	524,618	6,403,088	2,298,201
Increase (decrease) in net assets	604,526	7,132,421	2,562,538
Net assets at the beginning of year	326,036	2,464,606	671,196
Net assets at the end of year	930,562	9,597,027	3,233,734

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statement of Changes in Net Assets
Year ended December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	Credit Suisse Global Post-Venture Capital	Fidelity VIP Contrafund	Fidelity VIP Equity-Income	Fidelity VIP Mid-Cap
<S>	<C>	<C>	<C>	<C>
Operations:				
Investment income (loss) - net	$ (8,108)	(92,064)	216,162	(119,155)
Net realized gains (losses) on investments	12,860	115,239	216,012	228,029
Net change in unrealized appreciation or depreciation of investments	261,234	4,368,947	2,917,348	5,531,819
Net increase (decrease) in net assets resulting from operations	265,986	4,392,122	3,349,522	5,640,693
Policy transactions (notes 2, 3, 4 and 5):				
Policy purchase payments	699,809	8,424,224	11,360,594	6,885,856
Policy withdrawals and charges	(485,146)	(733,470)	(1,366,573)	(858,100)
Increase (decrease) in net assets from Policy transactions	214,663	7,690,754	9,994,021	6,027,756
Increase (decrease) in net assets	480,649	12,082,876	13,343,543	11,668,449
Net assets at the beginning of year	1,407,038	24,931,097	24,188,307	19,837,629
Net assets at the end of year	$ 1,887,687	37,013,973	37,531,850	31,506,078

<CAPTION>

	Segregated Sub-Accounts		
	Franklin Large Cap Growth Securities	Franklin Mutual Shares Securities	Franklin Small Cap
<S>	<C>	<C>	<C>

Operations:			
Investment income (loss) - net	(466)	5,433	(70,822)
Net realized gains (losses) on investments	40,970	19,701	146,784
Net change in unrealized appreciation or depreciation of investments	59,152	385,842	1,522,935
Net increase (decrease) in net assets resulting from operations	99,656	410,976	1,598,897
Policy transactions (notes 2, 3, 4 and 5):			
Policy purchase payments	1,187,933	3,237,623	4,071,084
Policy withdrawals and charges	(294,779)	(116,671)	(987,570)
Increase (decrease) in net assets from Policy transactions	893,154	3,120,952	3,083,514
Increase (decrease) in net assets	992,810	3,531,928	4,682,411
Net assets at the beginning of year	648,889	1,303,765	12,446,579
Net assets at the end of year	1,641,699	4,835,693	17,128,990

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statement of Changes in Net Assets
Year ended December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	Templeton Developing Markets Securities	Templeton Global Asset Allocation	Janus Aspen Balanced	Janus Aspen Capital Appreciation
<S>	<C>	<C>	<C>	<C>
Operations:				
Investment income (loss) - net	$ 160,472	95,987	5,934	(103,159)
Net realized gains (losses) on investments	450,717	38,475	5,424	(187,317)
Net change in unrealized appreciation or depreciation of investments	2,185,193	564,427	15,231	3,914,933
Net increase (decrease) in net assets resulting from operations	2,796,382	698,889	26,589	3,624,457
Policy transactions (notes 2, 3, 4 and 5):				
Policy purchase payments	2,663,774	2,934,104	174,184	2,735,330
Policy withdrawals and charges	(1,728,077)	(338,347)	(62,197)	(2,519,011)
Increase (decrease) in net assets from Policy transactions	935,697	2,595,757	111,987	216,319
Increase (decrease) in net assets	3,732,079	3,294,646	138,576	3,840,776
Net assets at the beginning of year	10,880,089	2,708,730	227,257	20,661,447
Net assets at the end of year	$ 14,612,168	6,003,376	365,833	24,502,223

<CAPTION>

	Segregated Sub-Accounts		
	Janus International Growth	MFS Investors Growth Stock	MFS Mid Cap Growth
<S>	<C>	<C>	<C>
Operations:			
Investment income (loss) - net	66,350	(2,733)	(3,307)
Net realized gains (losses) on investments	(104,233)	16,834	19,919
Net change in unrealized appreciation or depreciation of investments	3,255,464	32,436	49,904
Net increase (decrease) in net assets resulting from operations	3,217,581	46,537	66,516
Policy transactions (notes 2, 3, 4 and 5):			
Policy purchase payments	2,602,100	382,620	1,239,708
Policy withdrawals and charges	(1,867,303)	(218,462)	(719,302)
Increase (decrease) in net assets from Policy transactions	734,797	164,158	520,406
Increase (decrease) in net assets	3,952,378	210,695	586,922
Net assets at the beginning of year	17,221,128	446,233	307,921

Net assets at the end of year	21,173,506	656,928	894,843

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statement of Changes in Net Assets
Year ended December 31, 2004

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	MFS New Discovery	MFS Value	Oppenheimer Capital Appreciation	Oppenheimer High Income
<S>	<C>	<C>	<C>	<C>
Operations:				
Investment income (loss) - net	$ (14,662)	35,860	(6,679)	103,560
Net realized gains (losses) on investments	52,635	21,735	31,213	19,012
Net change in unrealized appreciation or depreciation of investments	205,742	454,834	149,841	69,810
Net increase (decrease) in net assets resulting from operations	243,715	512,429	174,375	192,382
Policy transactions (notes 2, 3, 4 and 5):				
Policy purchase payments	3,094,198	2,662,262	2,202,753	2,377,623
Policy withdrawals and charges	(580,436)	(148,487)	(223,917)	(623,161)
Increase (decrease) in net assets from Policy transactions	2,513,762	2,513,775	1,978,836	1,754,462
Increase (decrease) in net assets	2,757,477	3,026,204	2,153,211	1,946,844
Net assets at the beginning of year	1,587,693	1,759,604	1,077,516	1,418,164
Net assets at the end of year	$ 4,345,170	4,785,808	3,230,727	3,365,008

<CAPTION>

	Segregated Sub-Accounts		
	Oppenheimer International Growth	Putnam VT Growth and Income	Putnam VT International Growth
<S>	<C>	<C>	<C>
Operations:			
Investment income (loss) - net	11,078	2,751	18,221
Net realized gains (losses) on investments	73,512	6,486	84,028
Net change in unrealized appreciation or depreciation of investments	335,037	18,021	363,845
Net increase (decrease) in net assets resulting from operations	419,627	27,258	466,094
Policy transactions (notes 2, 3, 4 and 5):			
Policy purchase payments	1,839,798	198,259	1,991,654
Policy withdrawals and charges	(362,675)	(45,596)	(430,015)
Increase (decrease) in net assets from Policy transactions	1,477,123	152,663	1,561,639
Increase (decrease) in net assets	1,896,750	179,921	2,027,733
Net assets at the beginning of year	1,203,305	149,378	1,568,774
Net assets at the end of year	3,100,055	329,299	3,596,507

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statement of Changes in Net Assets
Year ended December 31, 2004

<TABLE>
<CAPTION>

Segregated Sub-Accounts			
Putnam VT	Putnam VT		Waddell &

<S>	New Opportunities <C>	New Value <C>	Putnam VT Voyager <C>	Reed Balanced <C>
Operations:				
Investment income (loss) - net	$ (508)	1,332	(6,831)	1,376,626
Net realized gains (losses) on investments	8,756	46,254	21,098	(889,249)
Net change in unrealized appreciation or depreciation of investments	2,986	121,994	132,113	11,159,598
Net increase (decrease) in net assets resulting from operations	11,234	169,580	146,380	11,646,975
Policy transactions (notes 2, 3, 4 and 5):				
Policy purchase payments	120,821	1,264,423	1,719,665	5,613,980
Policy withdrawals and charges	(131,446)	(251,358)	(213,064)	(12,595,690)
Increase (decrease) in net assets from Policy transactions	(10,625)	1,013,065	1,506,601	(6,981,710)
Increase (decrease) in net assets	609	1,182,645	1,652,981	4,665,265
Net assets at the beginning of year	60,367	584,940	1,579,833	143,728,924
Net assets at the end of year	$ 60,976	1,767,585	3,232,814	148,394,189

<CAPTION>

<S>	Segregated Sub-Accounts		
	Waddell & Reed Growth <C>	Waddell & Reed International II <C>	Waddell & Reed Small Cap Growth <C>
Operations:			
Investment income (loss) - net	(380,510)	773,037	(422,269)
Net realized gains (losses) on investments	(3,180,636)	2,371,462	(699,413)
Net change in unrealized appreciation or depreciation of investments	8,178,901	24,364,116	12,224,651
Net increase (decrease) in net assets resulting from operations	4,617,755	27,508,615	11,102,969
Policy transactions (notes 2, 3, 4 and 5):			
Policy purchase payments	7,396,050	6,543,983	4,799,032
Policy withdrawals and charges	(13,005,530)	(8,235,744)	(7,860,955)
Increase (decrease) in net assets from Policy transactions	(5,609,480)	(1,691,761)	(3,061,923)
Increase (decrease) in net assets	(991,725)	25,816,854	8,041,046
Net assets at the beginning of year	174,753,707	125,660,408	83,797,756
Net assets at the end of year	173,761,982	151,477,262	91,838,802

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statement of Changes in Net Assets
Year ended December 31, 2004

<TABLE>
<CAPTION>

<S>	Segregated Sub-Accounts			
	Waddell & Reed Value <C>	Waddell & Reed Micro-Cap Growth <C>	Waddell & Reed Small Cap Value <C>	Waddell & Reed Core Equity <C>
Operations:				
Investment income (loss) - net	$ 376,670	(86,350)	(157,303)	15,080
Net realized gains (losses) on investments	396,522	(266,103)	2,300,717	(137,835)
Net change in unrealized appreciation or depreciation of investments	8,214,821	1,846,334	2,413,155	961,258
Net increase (decrease) in net assets resulting from operations	8,988,013	1,493,881	4,556,569	838,503
Policy transactions (notes 2, 3, 4 and 5):				
Policy purchase payments	3,851,312	2,459,860	6,096,816	1,350,790
Policy withdrawals and charges	(5,596,208)	(3,343,632)	(2,106,195)	(1,717,749)
Increase (decrease) in net assets from Policy transactions	(1,744,896)	(883,772)	3,990,621	(366,959)

Increase (decrease) in net assets	7,243,117	610,109	8,547,190	471,544
Net assets at the beginning of year	64,685,031	17,671,342	29,004,455	10,131,512
Net assets at the end of year	$ 71,928,148	18,281,451	37,551,645	10,603,056

<CAPTION>

	Segregated Sub-Accounts		
	Waddell & Reed Asset Strategy	Waddell & Reed International	Waddell & Reed Science & Technology
<S>	<C>	<C>	<C>
Operations:			
Investment income (loss) - net	6,505	2,927	(1,792)
Net realized gains (losses) on investments	4,896	13,515	(4,820)
Net change in unrealized appreciation or depreciation of investments	41,715	81,267	70,463
Net increase (decrease) in net assets resulting from operations	53,116	97,709	63,851
Policy transactions (notes 2, 3, 4 and 5):			
Policy purchase payments	579,960	1,100,787	843,340
Policy withdrawals and charges	(60,548)	(533,466)	(387,494)
Increase (decrease) in net assets from Policy transactions	519,412	567,321	455,846
Increase (decrease) in net assets	572,528	665,030	519,697
Net assets at the beginning of year	64,781	237,965	103,437
Net assets at the end of year	637,309	902,995	623,134

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Changes in Net Assets
Year ended December 31, 2003

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	Advantus Bond	Advantus Money Market	Advantus Mortgage Securities	Advantus Index 500
<S>	<C>	<C>	<C>	<C>
Operations:				
Investment income (loss) - net	$ (315,508)	27,459	(235,609)	(945,814)
Net realized gains (losses) on investments	401,690	-	263,208	(4,089,002)
Net change in unrealized appreciation or depreciation on investments	2,842,718	-	1,632,816	52,663,675
Net increase in net assets resulting from operations	2,928,900	27,459	1,660,415	47,628,859
Policy transactions (notes 3,4 and 5):				
Policy purchase payments	7,065,350	11,758,903	6,930,611	38,825,815
Policy withdrawals and charges	(4,237,948)	(18,587,936)	(3,246,805)	(17,081,633)
Increase (decrease) in net assets from policy transactions	2,827,402	(6,829,033)	3,683,806	21,744,182
Increase (decrease) in net assets	5,756,302	(6,801,574)	5,344,221	69,373,041
Net assets at the beginning of year (note 1)	59,156,158	25,130,135	43,878,832	164,331,526
Net assets at the end of year	$ 64,912,460	18,328,561	49,223,053	233,704,567

<CAPTION>

	Segregated Sub-Accounts		
	Advantus International Bond	Advantus Index 400 Mid-Cap	Advantus Real Estate Securities
<S>	<C>	<C>	<C>
Operations:			

Investment income (loss) - net	(41,367)	(86,236)	(54,111)
Net realized gains (losses) on investments	216,412	(203,119)	97,004
Net change in unrealized appreciation or depreciation on investments .	1,319,870	5,562,260	3,879,591
Net increase in net assets resulting from operations	1,494,915	5,272,905	3,922,484
Policy transactions (notes 3,4 and 5):			
Policy purchase payments	2,972,502	6,245,191	3,974,290
Policy withdrawals and charges	(1,226,232)	(2,214,601)	(491,437)
Increase (decrease) in net assets from policy transactions	1,746,270	4,030,590	3,482,853
Increase (decrease) in net assets	3,241,185	9,303,495	7,405,337
Net assets at the beginning of year (note 1)	6,398,401	14,144,300	7,899,437
Net assets at the end of year	9,639,586	23,447,795	15,304,774

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Changes in Net Assets
Year ended December 31, 2003

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	Templeton Developing Markets Securities	Templeton Global Asset Allocation	Franklin Small Cap	Fidelity VIP Mid Cap
<S>	<C>	<C>	<C>	<C>
Operations:				
Investment income (loss) - net	$ 51,731	26,095	(45,310)	(37,533)
Net realized gains (losses) on investments	(20,607)	4,541	(13,800)	19,860
Net change in unrealized appreciation or depreciation on investments .	3,499,117	422,929	3,106,671	5,014,456
Net increase in net assets resulting from operations	3,530,241	453,565	3,047,561	4,996,783
Policy transactions (notes 3,4 and 5):				
Policy purchase payments	1,908,746	1,558,991	4,149,341	4,284,987
Policy withdrawals and charges	(916,948)	(131,016)	(488,246)	(932,758)
Increase (decrease) in net assets from policy transactions	991,798	1,427,975	3,661,095	3,352,229
Increase (decrease) in net assets	4,522,039	1,881,540	6,708,656	8,349,012
Net assets at the beginning of year (note 1)	6,358,050	827,190	5,737,923	11,488,617
Net assets at the end of year	$ 10,880,089	2,708,730	12,446,579	19,837,629

<CAPTION>

	Segregated Sub-Accounts		
	Fidelity VIP Contrafund	Fidelity VIP Equity Income	Janus Aspen Capital Appreciation
<S>	<C>	<C>	<C>
Operations:			
Investment income (loss) - net	(41,545)	149,006	(45,154)
Net realized gains (losses) on investments	(100,171)	(37,188)	(460,647)
Net change in unrealized appreciation or depreciation on investments .	5,795,617	4,884,022	3,844,731
Net increase in net assets resulting from operations	5,653,901	4,995,840	3,338,930
Policy transactions (notes 3,4 and 5):			
Policy purchase payments	6,919,144	7,493,147	3,479,774
Policy withdrawals and charges	(7,568,494)	(668,462)	(1,560,902)
Increase (decrease) in net assets from policy transactions	(649,350)	6,824,685	1,918,872
Increase (decrease) in net assets	5,004,551	11,820,525	5,257,802
Net assets at the beginning of year (note 1)	19,926,546	12,367,782	15,403,645
Net assets at the end of year	24,931,097	24,188,307	20,661,447

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Changes in Net Assets
Year ended December 31, 2003

<TABLE>
<CAPTION>

<S>	Segregated Sub-Accounts: Janus Aspen International Growth <C>	Janus Aspen Balanced <C>	Credit Suisse Global Post-Venture Capital <C>	AIM V.I. Aggressive Growth <C>
Operations:				
Investment income (loss) - net	$ 67,481	1,943	(4,867)	(1,573)
Net realized gains (losses) on investments	(523,116)	199	(79,068)	1,372
Net change in unrealized appreciation or depreciation on investments	4,804,775	10,790	465,928	87,349
Net increase in net assets resulting from operations	4,349,140	12,932	381,993	87,148
Policy transactions (notes 3,4 and 5):				
Policy purchase payments	2,462,136	219,390	502,231	1,011,070
Policy withdrawals and charges	(1,343,844)	(5,065)	(218,159)	(15,117)
Increase (decrease) in net assets from policy transactions	1,118,292	214,325	284,072	995,953
Increase (decrease) in net assets	5,467,432	227,257	666,065	1,083,101
Net assets at the beginning of year (note 1)	11,753,696	-	740,973	-
Net assets at the end of year	$ 17,221,128	227,257	1,407,038	1,083,101

<CAPTION>

<S>	Segregated Sub-Accounts: AIM V.I. Balanced <C>	AIM V.I. Premier Equity <C>	AIM V.I. Dent Demographic Trends <C>
Operations:			
Investment income (loss) - net	2,799	97	(153)
Net realized gains (losses) on investments	986	571	2,387
Net change in unrealized appreciation or depreciation on investments	6,426	24,038	4,148
Net increase in net assets resulting from operations	10,211	24,706	6,382
Policy transactions (notes 3,4 and 5):			
Policy purchase payments	169,356	262,909	181,932
Policy withdrawals and charges	(14,559)	(8,087)	(72,750)
Increase (decrease) in net assets from policy transactions	154,797	254,822	109,182
Increase (decrease) in net assets	165,008	279,528	115,564
Net assets at the beginning of year (note 1)	-	-	-
Net assets at the end of year	165,008	279,528	115,564

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Changes in Net Assets
Year ended December 31, 2003

<TABLE>
<CAPTION>

<S>	Segregated Sub-Accounts: American Century Value <C>	American Century Income and Growth <C>	American Century Ultra <C>	Franklin Mutual Shares Securities <C>

Operations:				
Investment income (loss) - net	$ (967)	(396)	(2,703)	1,151
Net realized gains (losses) on investments	1,046	1,536	987	119
Net change in unrealized appreciation or depreciation on investments	73,632	27,250	122,738	106,430
Net increase in net assets resulting from operations	73,711	28,390	121,022	107,700
Policy transactions (notes 3,4 and 5):				
Policy purchase payments	608,982	314,931	2,352,785	1,196,069
Policy withdrawals and charges	(11,497)	(17,285)	(9,201)	(2,800)
Increase (decrease) in net assets from policy transactions	597,485	297,646	2,343,584	1,196,065
Increase (decrease) in net assets	671,196	326,036	2,464,606	1,303,765
Net assets at the beginning of year (note 1)	-	-	-	-
Net assets at the end of year	$ 671,196	326,036	2,464,606	1,303,765

<CAPTION>

	Segregated Sub-Accounts		
	Franklin Large Cap Growth Securities	MFS Investors Growth Stock	MFS Mid Cap Growth
<S>	<C>	<C>	<C>
Operations:			
Investment income (loss) - net	(26)	(610)	(375)
Net realized gains (losses) on investments	825	288	3,666
Net change in unrealized appreciation or depreciation on investments	54,156	21,527	14,920
Net increase in net assets resulting from operations	54,955	21,205	18,211
Policy transactions (notes 3,4 and 5):			
Policy purchase payments	603,616	428,448	337,481
Policy withdrawals and charges	(10,539)	(3,420)	(47,771)
Increase (decrease) in net assets from policy transactions	593,934	425,028	289,710
Increase (decrease) in net assets	648,889	446,233	307,921
Net assets at the beginning of year (note 1)	-	-	-
Net assets at the end of year	648,889	446,233	307,921

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Changes in Net Assets
Year ended December 31, 2003

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	MFS New Discovery	MFS Value	Oppenheimer Capital Appreciation	Oppenheimer High Income
<S>	<C>	<C>	<C>	<C>
Operations:				
Investment income (loss) - net	$ (1,724)	(2,326)	(1,307)	(1,678)
Net realized gains (losses) on investments	8,935	2,353	8,111	9,503
Net change in unrealized appreciation or depreciation on investments	65,750	171,775	80,447	57,609
Net increase in net assets resulting from operations	72,961	171,802	87,251	65,434
Policy transactions (notes 3,4 and 5):				
Policy purchase payments	1,568,875	1,607,676	1,069,925	1,541,243
Policy withdrawals and charges	(54,143)	(19,874)	(79,660)	(188,513)
Increase (decrease) in net assets from policy transactions	1,514,732	1,587,802	990,265	1,352,730
Increase (decrease) in net assets	1,587,693	1,759,604	1,077,516	1,418,164
Net assets at the beginning of year (note 1)	-	-	-	-
Net assets at the end of year	$ 1,587,693	1,759,604	1,077,516	1,418,164

<CAPTION>

	Segregated Sub-Accounts		
	Oppenheimer International Growth	Putnam VT Growth and Income	Putnam VT International Equity
<S>	<C>	<C>	<C>
Operations:			
Investment income (loss) - net	(1,272)	(232)	(2,258)
Net realized gains (losses) on investments	35,508	927	21,365
Net change in unrealized appreciation or depreciation on investments	116,919	15,836	177,673
Net increase in net assets resulting from operations	151,155	16,531	196,780
Policy transactions (notes 3,4 and 5):			
Policy purchase payments	1,901,858	141,028	1,685,212
Policy withdrawals and charges	(849,708)	(8,181)	(313,218)
Increase (decrease) in net assets from policy transactions	1,052,150	132,847	1,371,994
Increase (decrease) in net assets	1,203,305	149,378	1,568,774
Net assets at the beginning of year (note 1)	-	-	-
Net assets at the end of year	1,203,305	149,378	1,568,774

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Changes in Net Assets
Year ended December 31, 2003

<TABLE>
<CAPTION>

	Segregated Sub-Accounts			
	Putnam VT New Opportunities	Putnam VT New Value	Putnam VT Voyager	Waddell & Reed Growth
<S>	<C>	<C>	<C>	<C>
Operations:				
Investment income (loss) - net	$ (50)	(824)	(2,213)	(772,787)
Net realized gains (losses) on investments	452	5,200	7,038	(54,647,919)
Net change in unrealized appreciation or depreciation on investments	2,448	72,007	85,798	89,142,818
Net increase in net assets resulting from operations	2,850	76,383	90,623	33,722,112
Policy transactions (notes 3,4 and 5):				
Policy purchase payments	61,325	537,158	1,553,585	91,798,638
Policy withdrawals and charges	(3,808)	(28,601)	(64,375)	(90,791,365)
Increase (decrease) in net assets from policy transactions	57,517	508,557	1,489,210	1,007,273
Increase (decrease) in net assets	60,367	584,940	1,579,833	34,729,385
Net assets at the beginning of year (note 1)	-	-	-	140,024,322
Net assets at the end of year	$ 60,367	584,940	1,579,833	174,753,707

<CAPTION>

	Segregated Sub-Accounts		
	Waddell & Reed Core Equity	Waddell & Reed International	Waddell & Reed Small Cap Growth
<S>	<C>	<C>	<C>
Operations:			
Investment income (loss) - net	25,502	3,074	(342,106)
Net realized gains (losses) on investments	(278,228)	2,420	(2,437,395)
Net change in unrealized appreciation or depreciation on investments	2,008,731	16,434	29,785,725
Net increase in net assets resulting from operations	1,756,005	21,928	27,006,224
Policy transactions (notes 3,4 and 5):			
Policy purchase payments	1,407,170	256,996	6,257,981
Policy withdrawals and charges	(1,223,827)	(44,220)	(6,192,288)

Increase (decrease) in net assets from policy transactions	183,343	216,037	65,693
Increase (decrease) in net assets	1,939,348	237,965	27,071,917
Net assets at the beginning of year (note 1)	8,192,164	-	56,725,839
Net assets at the end of year	10,131,512	237,965	83,797,756

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Statements of Changes in Net Assets
Year ended December 31, 2003

<TABLE>
<CAPTION>

<S>	Segregated Sub-Accounts			
	Waddell & Reed Balanced	Waddell & Reed International II	Waddell & Reed Micro-Cap Growth	Waddell & Reed Small Cap Value
	<C>	<C>	<C>	<C>
Operations:				
Investment income (loss) - net	$ 270,942	1,402,893	(66,619)	(102,302)
Net realized gains (losses) on investments	(2,693,962)	(1,023,226)	(569,086)	(122,898)
Net change in unrealized appreciation or depreciation on investments	27,378,029	39,507,264	6,472,780	9,055,985
Net increase in net assets resulting from operations	24,955,009	39,886,931	5,837,075	8,830,785
Policy transactions (notes 3,4 and 5):				
Policy purchase payments	6,589,108	7,390,769	3,202,932	5,218,710
Policy withdrawals and charges	(12,253,582)	(7,355,298)	(1,525,612)	(1,189,477)
Increase (decrease) in net assets from policy transactions	(5,664,474)	35,471	1,677,320	4,029,233
Increase (decrease) in net assets	19,290,535	39,922,402	7,514,395	12,860,018
Net assets at the beginning of year (note 1)	124,438,389	85,738,006	10,156,947	16,144,437
Net assets at the end of year	$143,728,924	125,660,408	17,671,342	29,004,455

<CAPTION>

<S>	Segregated Sub-Accounts		
	Waddell & Reed Value	Waddell & Reed Science & Technology	Waddell & Reed Asset Strategy
	<C>	<C>	<C>
Operations:			
Investment income (loss) - net	49,184	(86)	666
Net realized gains (losses) on investments	(549,381)	2,844	-
Net change in unrealized appreciation or depreciation on investments	13,984,996	2,947	1,105
Net increase in net assets resulting from operations	13,484,799	5,705	2,057
Policy transactions (notes 3,4 and 5):			
Policy purchase payments	4,760,183	221,914	79,236
Policy withdrawals and charges	(3,789,028)	(124,182)	(16,512)
Increase (decrease) in net assets from policy transactions	971,154	97,732	62,724
Increase (decrease) in net assets	14,455,953	103,437	64,781
Net assets at the beginning of year (note 1)	50,229,078	-	-
Net assets at the end of year	64,685,031	103,437	64,781

</TABLE>

See accompanying notes to financial statements

Minnesota Life Variable Life Account
Notes to Financial Statements
December 31, 2004 and 2003

(1) Organization

The Minnesota Life Variable Life Account (the Account) was established on October 21, 1985 as a segregated asset account of Minnesota Life Insurance Company (Minnesota Life) under Minnesota law and is registered as a unit investment trust under the Investment Company Act of 1940 (as amended). There are currently four types of variable life policies each consisting of forty-nine segregated sub-accounts to which policy owners may allocate their purchase payments. The financial statements presented herein include four types of variable life policies, Variable Adjustable Life, Variable Adjustable Life Second Death, Variable Adjustable Life Horizon and Variable Adjustable Life Summit offered by the Account.

The assets of each segregated sub-account are held for the exclusive benefit of the variable life policy owners and are not chargeable with liabilities arising out of the business conducted by any other account or by Minnesota Life.

Variable Life policy owners allocate their purchase payments to one or more of the forty-nine segregated sub-accounts. Such payments are then invested in shares of the Advantus Series Fund, Inc., AIM Variable Insurance Funds, American Century Variable Portfolios, Credit Suisse Trust, Fidelity Variable Insurance Products Fund, Franklin Templeton Variable Insurance Products Trust, Janus Aspen Series, MFS Variable Insurance Trust, Oppenheimer Variable Account Funds, Panorama Series Fund, Inc., Putnam Variable Trust, and Waddell & Reed Target Funds, Inc., (collectively, the Underlying Funds). The Advantus Series Fund, Inc. was organized by Minnesota Life as the investment vehicle for its variable life insurance policies and variable annuity contracts. Each of the Underlying Funds is registered under the Investment Company Act of 1940 (as amended) as a diversified (except Advantus International Bond Portfolio which is non-diversified), open-end management investment company.

On September 22, 2003, the Advantus Series Fund, Inc. and Waddell & Reed Target Funds, Inc. completed a tax free exchange where the shares of the Advantus Growth and Advantus Capital Appreciation Portfolios were combined into Waddell & Reed Growth, and the Advantus Asset Allocation, Advantus International Stock, Advantus Value Stock, Advantus Small Company Value, Advantus Macro-Cap Value and Advantus Micro-Cap Growth were exchanged for shares of Waddell & Reed Balanced, Waddell & Reed International II, Waddell & Reed Value, Waddell & Reed Small-Cap Growth, Waddell & Reed Core Equity and Waddell & Reed Micro-Cap Growth, respectively.

Payments allocated to the Advantus Bond, Advantus Money Market, Advantus Index 500, Advantus Mortgage Securities, Advantus International Bond, Advantus Index 400 Mid-Cap, Advantus Real Estate Securities, AIM V.I. Aggressive Growth, AIM V.I. Balanced, AIM V.I. Dent Demographics Trends, AIM V.I. Premier Equity, American Century Income and Growth, American Century Ultra, American Century Value, Credit Suisse Global Post-Venture Capital, Fidelity VIP Contrafund, Fidelity VIP Equity-Income, Fidelity VIP Mid Cap, Franklin Large Cap Growth Securities, Franklin Mutual Shares Securities, Franklin Small Cap, Templeton Developing Markets Securities, Templeton Global Asset Allocation, Janus Aspen Balanced, Janus Aspen Capital Appreciation, Janus Aspen International Growth, MFS Investors Growth Stock, MFS Mid Cap Growth, MFS New Discovery, MFS Value, Oppenheimer Capital Appreciation, Oppenheimer High Income, Oppenheimer International Growth, Putnam VT Growth and Income, Putnam VT International Growth, Putnam VT New Opportunities, Putnam VT New Value, Putnam VT Voyager, Waddell & Reed Balanced, Waddell & Reed Growth, Waddell & Reed International II, Waddell & Reed Small Cap Growth, Waddell & Reed Value, Waddell & Reed Micro-Cap Growth, Waddell & Reed Small Cap Value, Waddell & Reed Core Equity, Waddell & Reed Asset Strategy, Waddell & Reed International,

(1) Organization - Continued

and Waddell & Reed Science and Technology segregated sub-accounts are invested in shares of the Bond, Money Market, Index 500, Mortgage Securities, International Bond, Index 400 Mid-Cap, and Real Estate Securities Portfolios of the Advantus Series Fund, Inc.; Series II shares of AIM V.I. Aggressive Growth, AIM V.I. Balanced, AIM V.I. Dent Demographic Trends Fund, and AIM V.I. Premier Equity Funds of the AIM Variable Insurance Funds; Class II shares of American Century Income and Growth, American Century Ultra, and American Century Value Funds of the American Century Variable Portfolios, Inc.; Credit Suisse Global Post-Venture Capital Portfolio of Credit Suisse Trust; Service Class 2 shares of VIP Contrafund, VIP Equity-Income, and VIP Mid Cap Portfolios of Fidelity Variable Insurance Products Funds; Class 2 shares of Franklin Large Cap Growth Securities, Franklin Mutual Shares Securities, Franklin Small Cap, Templeton Developing Markets Securities, and Templeton Global Asset Allocation Funds of Franklin Templeton Variable Insurance Products Trust; Service shares of Janus Aspen Balanced, Janus Aspen Capital Appreciation, and Janus Aspen International

Growth Portfolios of Janus Aspen Series; Service shares of MFS Investors Growth Stock, MFS Mid Cap Growth, MFS New Discovery, and MFS Value Series of MFS Variable Insurance Trust; Service shares of Oppenheimer Capital Appreciation and Oppenheimer High Income Funds of Oppenheimer Variable Account Funds; Service shares of Oppenheimer International Growth Fund of Panorama Series Fund, Inc.; IB shares of Putnam VT Growth and Income, Putnam VT International Growth, Putnam VT New Opportunities, Putnam VT New Value, and Putnam VT Voyager Funds of Putnam Variable Trust; Waddell & Reed Balanced, Waddell & Reed Growth, Waddell & Reed International II, Waddell & Reed Small Cap Growth, Waddell & Reed Value, Waddell & Reed Micro-Cap Growth, Waddell & Reed Small Cap Value, Waddell & Reed Core Equity, Waddell & Reed Asset Strategy, Waddell & Reed International, and Waddell & Reed Science and Technology Portfolios of the Waddell & Reed Target Funds, Inc., respectively.

Securian Financial Services, Inc. (Securian) acts as the underwriter for the Account. Advantus Capital Management, Inc. (Advantus) acts as the investment adviser for the Advantus Series Fund, Inc. Both Securian and Advantus are affiliate companies of Minnesota Life.

(2) Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investments in Underlying Funds

Investments in shares of the Underlying Funds are stated at market value which is the net asset value per share as determined daily by each Underlying Fund. Investment transactions are recorded on a trade date basis.

Effective January 1, 2003, the cost of investments sold is determined on the FIFO basis. Prior to January 1, 2003, the cost of investments sold was determined on the average cost method. The financial statement

(2) Summary of Significant Accounting Policies - continued

impact of this change in determining the cost of investments sold does not change the net assets of the sub-account and is limited to classification changes between realized and unrealized gains and losses. Management has determined that the reclassification amounts were not material.

All dividend distributions received from the Underlying Funds are reinvested in additional shares of the Underlying Funds and are recorded by the sub-accounts on the ex-dividend date. The Advantus Series Fund, Inc. Portfolios, and other non-affiliated funds, may utilize consent dividends to effectively distribute income for income tax purposes. The Account "consents" to treat these amounts as dividend income for tax purposes although they are not paid by the Underlying Funds. Therefore, no dividend income is recorded in the statements of operations related to such consent dividends.

Federal Income Taxes

The Account is treated as part of Minnesota Life for federal income tax purposes. Under current interpretation of existing federal income tax law, no income taxes are payable on investment income or capital gain distributions received by the Account from the Underlying Funds. Any applicable taxes will be the responsibility of the contract holders or beneficiaries upon termination or withdrawal.

(3) Expenses and Related Party Transactions

The mortality and expense charge paid to Minnesota Life is computed daily and is equal, on an annual basis, to 0.50 percent of the average daily net assets of the Account. This charge is an expense of the Account and is deducted daily from net assets of the Account. This is charged through the daily unit value calculation.

Policy purchase payments are reflected net of the following charges paid to Minnesota Life:

A basic sales load of up to 7 percent is deducted from each premium payment for Variable Adjustable Life and Variable Adjustable Life Second Death policies. A first year sales load not to exceed 44 percent may also be deducted. Total sales charges deducted from premium payments for the years ended December 31, 2004 and 2003 amounted to $31,016,224 and $29,006,038, respectively.

An underwriting charge is deducted from first year purchase payments in an amount not to exceed $5 per $1,000 face amount of insurance for Variable Adjustable Life policies and $10 per $1,000 face amount of insurance for Variable Adjustable Life Second Death policies. The amount may vary by the age of the insured and the premium level for a given amount of insurance. The underwriting charge is paid for administrative costs associated with issuance or adjustment of policies. Total underwriting charges deducted from premium payments for the years ended December 31, 2004 and 2003 amounted to $6,944,713 and $6,088,393, respectively.

A premium tax charge in the amount of 2.5 percent is deducted from each premium payment for Variable Adjustable Life and Variable Adjustable Life Second Death policies. Premium taxes are paid to state and local governments. Total premium tax charges for the years ended December 31, 2004 and 2003 amounted to $6,268,331 and $6,496,072, respectively.

A face amount guarantee charge of 1.5 percent is deducted from each Variable Adjustable Life policy premium payment. The charge is paid for the guarantee that the death benefit will always be at least equal to the current face amount of insurance regardless of the investment performance. Total face amount guarantee charges deducted from premium payments for the years ended December 31, 2004 and 2003 amounted to $2,978,788 and $3,116,949, respectively.

(3) Expenses and Related Party Transactions - Continued

A federal tax charge of 1.25 percent is deducted from each Variable Adjustable Life Second Death policy premium payment. The federal tax charge is paid to offset additional corporate federal income taxes incurred by Minnesota Life under the Omnibus Budget Reconciliation Act of 1990. Total federal tax charges for the years ended December 31, 2004 and 2003 amounted to $468,983 and $433,822, respectively.

In addition to deductions from premium payments, cash value charges (which may include an administration charge, certain transaction charges, a cost of insurance charge and a charge for sub-standard risks), if any, are assessed from the actual cash value of each policy. These charges are paid by redeeming units of the Account held by the individual policy owner. The administration charge is $60 for each policy year for Variable Adjustable Life policies and $120 for each policy year for Variable Adjustable Life Second Death policies. The transaction charges are for expenses incurred by Minnesota Life for processing certain transactions. A charge of $25 to $95 is assessed for each policy adjustment. A charge not to exceed $25 may be assessed for each transfer of actual cash value among the segregated sub-accounts. In addition, a face amount guarantee charge is assessed from the actual cash value of each Variable Adjustable Life Second Death policy. The face amount guarantee charge is guaranteed not to exceed 3 cents per thousand dollars of face amount per month.

The following charges are associated with Variable Adjustable Life Horizon. An additional face amount charge not to exceed $5 per thousand is charged for first-year base premiums. A premium charge of 6 percent is charged on all non-repeating premiums. In addition, against the cash value of a Policy, Minnesota Life deducts a monthly policy charge of $8 plus 2 cents per thousand of the face amount. The monthly policy charge cannot exceed $10 plus 3 cents per thousand of the face amount.

The following charges are associated with Variable Adjustable Life Summit. An additional face amount charge not to exceed 5.75 percent is charged for base and non-repeating premiums. In addition, against the cash value of a Policy, Minnesota Life deducts a monthly policy charge of $5 plus $0.0125 per thousand of the face amount. The monthly policy charge cannot exceed $12 plus $0.0125 per thousand of the face amount.

See the table on the following page for these charges.

The cost of insurance charge varies with the amount of insurance, the insured's age, sex, risk class, level of scheduled premium and duration of the policy. The charge for substandard risks is for providing death benefits for policies which have mortality risks in excess of the standard.

To the extent the Account invests in the Advantus Series Fund, Inc., the Account indirectly incurs management fees that are payable to Advantus. The advisory fee agreement provides for payments ranging from 0.15% to 0.60% of average daily net assets. In addition, the Advantus Series Fund, Inc. has adopted a Rule 12b-1 distribution plan covering all of the portfolios except the Maturing Government Bond Portfolios. Under the plan, the Advantus Series Fund, Inc. pays distribution fees equal to 0.25% of average daily net assets to Securian. Each Portfolio pays an annual fee equal to 0.02 % of net assets to State Street, Inc. for daily fund accounting services. Advantus Series Fund, Inc. also pays an administrative services fee to Minnesota Life.

To the extent the Account invests in non-affiliated funds, the Account will also indirectly incur fees.

(3) Expenses and Related Party Transactions - Continued

The total of cash value charges for the years ended December 31, 2004 and 2003 for each segregated sub-account are as follows:

	2004	2003
Advantus Bond	$ 4,459,500	$ 4,821,497
Advantus Money Market	1,741,741	2,524,951
Advantus Index 500	14,408,176	14,637,158
Advantus Mortgage Securities	3,841,798	3,992,836
Advantus International Bond	831,533	872,975
Advantus Index 400 Mid-Cap	1,687,991	1,384,516
Advantus Real Estate Securities	1,383,273	863,449
AIM V.I. Aggressive Growth	132,976	26,769
AIM V.I. Balanced	49,902	12,227
AIM V.I. Dent Demographics Trends	15,370	3,066
AIM V.I. Premier Equity	29,020	9,283
American Century Income & Growth	61,619	9,473
American Century Ultra	625,472	49,879
American Century Value	124,026	14,644
Credit Suisse Global Post-Venture Capital	130,421	118,633
Fidelity VIP Contrafund	2,215,821	1,933,098
Fidelity VIP Equity-Income	2,591,839	1,733,764
Fidelity VIP Mid-Cap	1,736,560	1,377,611
Franklin Large Cap Growth Securities	81,741	14,777
Franklin Mutual Shares Securities	207,462	29,431
Franklin Small Cap	1,207,380	1,051,128
Templeton Developing Markets Securities	829,514	695,492
Templeton Global Asset Allocation	358,322	150,164
Janus Aspen Balanced	37,420	10,704
Janus Aspen Capital Appreciation	1,755,784	1,912,206
Janus International Growth	1,559,663	1,573,926
MFS Investors Growth Stock	53,360	11,695
MFS Mid Cap Growth	57,212	8,729
MFS New Discovery	327,539	32,069
MFS Value	253,875	54,807
Oppenheimer Capital Appreciation	166,784	22,241
Oppenheimer High Income	179,718	24,260
Oppenheimer International Growth	144,529	18,377
Putnam VT Growth and Income	28,355	7,780
Putnam VT International Growth	288,618	42,808
Putnam VT New Opportunities	11,344	2,637
Putnam VT New Value	52,412	9,261
Putnam VT Voyager	291,709	93,761
Waddell & Reed Balanced	8,302,095	9,618,193
Waddell & Reed Growth	10,818,869	12,284,376
Waddell & Reed International II	7,483,504	7,156,561
Waddell & Reed Small Cap Growth	5,207,285	5,590,778
Waddell & Reed Value	4,296,206	4,648,694
Waddell & Reed Micro-Cap Growth	1,274,590	1,298,035
Waddell & Reed Small Cap Value	2,039,270	1,724,213
Waddell & Reed Core Equity	659,997	794,503
Waddell & Reed Asset Strategy	27,117	1,520
Waddell & Reed International	42,363	3,192
Waddell & Reed Science & Technology	28,948	1,415

(4) Investment Transactions

The Account's purchases of Underlying Funds shares, including reinvestment of dividend distributions, were as follows during the year ended December 31, 2004:

Advantus Bond	$ 7,675,625

Advantus Money Market	9,582,477
Advantus Index 500	18,662,249
Advantus Mortgage Securities	6,143,359
Advantus International Bond	2,226,895
Advantus Index 400 Mid-Cap	5,948,853
Advantus Real Estate Securities	8,403,135
AIM V.I. Aggressive Growth	874,580
AIM V.I. Balanced	291,927
AIM V.I. Dent Demographic Trends	182,600
AIM V.I. Premier Equity	235,863
American Century Income and Growth	718,322
American Century Ultra	6,537,721
American Century Value	2,571,330
Credit Suisse Global Post-Venture Capital	694,205
Fidelity VIP Contrafund	8,355,988
Fidelity VIP Equity-Income	11,692,444
Fidelity VIP Mid-Cap	6,791,337
Franklin Large Cap Growth Securities	1,188,808
Franklin Mutual Shares Securities	3,244,792
Franklin Small Cap	4,017,692
Templeton Developing Markets Securities	2,842,212
Templeton Global Asset Allocation	3,033,822
Janus Aspen Balanced	180,561
Janus Aspen Capital Appreciation	2,676,935
Janus International Growth	2,699,781
MFS Investors Growth Stock	380,682
MFS Mid Cap Growth	1,237,545
MFS New Discovery	3,082,199
MFS Value	2,701,034
Oppenheimer Capital Appreciation	2,197,617
Oppenheimer High Income	2,482,986
Oppenheimer International Growth	1,852,983
Putnam VT Growth and Income	201,368
Putnam VT International Growth	2,012,568
Putnam VT New Opportunities	120,540
Putnam VT New Value	1,266,883
Putnam VT Voyager	1,715,667
Waddell & Reed Balanced	7,385,880
Waddell & Reed Growth	7,480,619
Waddell & Reed International II	8,774,736
Waddell & Reed Small Cap Growth	4,625,492
Waddell & Reed Value	4,390,096
Waddell & Reed Micro-Cap Growth	2,412,015
Waddell & Reed Small Cap Value	7,802,299
Waddell & Reed Core Equity	1,386,799
Waddell & Reed Asset Strategy	591,425
Waddell & Reed International	1,104,353
Waddell & Reed Science & Technology	841,966

(5) Unit Activity from Contract Transactions

Transactions in units for each segregated sub-account for the years ended December 31, 2004 and 2003 were as follows:

<TABLE>
<CAPTION>

	Segregated Sub-Accounts				
	Advantus Bond	Advantus Money Market	Advantus Index 500	Advantus Mortgage Securities	Advantus International Bond
<S>	<C>	<C>	<C>	<C>	<C>
Units outstanding at December 31, 2002	20,565,466	12,693,008	45,940,654	13,407,079	5,388,668
Contract purchase payments	2,453,240	5,969,505	10,158,348	2,117,830	2,374,100
Contract terminations, withdrawal payments and charges	(1,492,109)	(9,415,376)	(4,819,470)	(1,013,485)	(977,927)
Units outstanding at December 31, 2003	21,526,597	9,247,137	51,279,532	14,511,424	6,784,841
Contract purchase payments	2,561,725	4,793,719	4,194,370	1,819,792	1,579,404
Contract terminations, withdrawal payments and charges	(1,306,919)	(5,619,715)	(2,212,057)	(925,220)	(659,538)
Units outstanding at December 31, 2004	22,781,403	8,421,141	53,261,845	15,405,996	7,704,707

<CAPTION>

Segregated Sub-Accounts

	Advantus Index 400 Mid-Cap	Advantus Real Estate Securities	AIM V.I. Aggressive Growth	AIM V.I. Balanced	AIM V.I. Dent Demographic Trends
<S>	<C>	<C>	<C>	<C>	<C>
Units outstanding at December 31, 2002	12,100,332	6,543,375	-	-	-
Contract purchase payments	4,724,911	2,792,845	883,482	159,169	154,120
Contract terminations, withdrawal payments and charges	(1,846,370)	(377,358)	(14,580)	(13,283)	(62,348)
Units outstanding at December 31, 2003	14,978,873	8,958,862	868,902	145,886	91,772
Contract purchase payments	3,722,356	4,448,831	698,175	250,444	143,699
Contract terminations, withdrawal payments and charges	(1,387,081)	(603,473)	(133,980)	(105,135)	(65,944)
Units outstanding at December 31, 2004	17,314,148	12,804,220	1,433,097	291,195	169,527

</TABLE>

(5) Unit Activity from Contract Transactions - continued

<TABLE>
<CAPTION>

	Segregated Sub-Accounts				
	AIM V.I. Premier Equity	American Century Income and Growth	American Century Ultra	American Century Value	Credit Suisse Global Post-Venture Capital
<S>	<C>	<C>	<C>	<C>	<C>
Units outstanding at December 31, 2002	-	-	-	-	2,099,443
Contract purchase payments	243,363	277,590	2,088,173	547,546	1,168,654
Contract terminations, withdrawal payments and charges	(7,565)	(15,436)	(10,616)	(11,176)	(554,704)
Units outstanding at December 31, 2003	235,798	262,154	2,077,557	536,370	2,713,393
Contract purchase payments	199,898	556,020	5,403,193	1,941,455	1,299,719
Contract terminations, withdrawal payments and charges .	(19,168)	(150,181)	(128,801)	(203,066)	(912,381)
Units outstanding at December 31, 2004	416,528	667,993	7,351,949	2,274,759	3,100,731

<CAPTION>

	Segregated Sub-Accounts				
	Fidelity VIP Contrafund	Fidelity VIP Equity-Income	Fidelity VIP Mid-Cap	Franklin Large Cap Growth Securities	Franklin Mutual Shares Securities
<S>	<C>	<C>	<C>	<C>	<C>
Units outstanding at December 31, 2002	26,787,135	14,130,074	10,480,433	-	-
Contract purchase payments	8,727,725	7,986,592	3,506,521	545,270	1,081,793
Contract terminations, withdrawal payments and charges .	(9,240,888)	(757,427)	(831,765)	(9,397)	(1,480)
Units outstanding at December 31, 2003	26,273,972	21,359,239	13,155,189	535,873	1,080,313
Contract purchase payments	8,506,667	9,782,777	4,223,154	962,366	2,590,307
Contract terminations, withdrawal payments and charges .	(738,190)	(1,197,574)	(533,876)	(235,807)	(95,198)
Units outstanding at December 31, 2004	34,042,449	29,944,442	16,844,467	1,262,432	3,575,422

</TABLE>

(5) Unit Activity from Contract Transactions - continued

<TABLE>
<CAPTION>

Segregated Sub-Accounts

Templeton

	Franklin Small Cap	Developing Markets Securities	Templeton Global Asset Allocation	Janus Aspen Balanced	Janus Aspen Capital Appreciation
<S>	<C>	<C>	<C>	<C>	<C>
Units outstanding at December 31, 2002	11,455,017	7,896,110	965,472	-	28,666,591
Contract purchase payments	7,612,837	1,993,809	1,584,196	211,648	6,271,223
Contract terminations, withdrawal payments and charges	(872,542)	(1,013,873)	(141,748)	(5,050)	(2,797,245)
Units outstanding at December 31, 2003	18,195,312	8,876,046	2,407,920	206,598	32,140,569
Contract purchase payments	5,773,416	2,025,417	2,518,888	156,361	4,092,453
Contract terminations, withdrawal payments and charges	(1,393,344)	(1,294,926)	(291,921)	(54,312)	(3,761,220)
Units outstanding at December 31, 2004	22,575,384	9,606,537	4,634,887	308,647	32,471,802

<CAPTION>

	Segregated Sub-Accounts				
	Janus International Growth	MFS Investors Growth Stock	MFS Mid Cap Growth	MFS New Discovery	MFS Value
<S>	<C>	<C>	<C>	<C>	<C>
Units outstanding at December 31, 2002	25,080,452	-	-	-	-
Contract purchase payments	5,074,818	390,012	280,530	1,282,031	1,448,427
Contract terminations, withdrawal payments and charges	(2,703,944)	(3,629)	(40,367)	(43,962)	(19,382)
Units outstanding at December 31, 2003	27,451,326	386,383	240,163	1,238,069	1,429,045
Contract purchase payments	3,997,885	326,161	915,139	2,422,407	2,090,315
Contract terminations, withdrawal payments and charges	(2,869,087)	(188,000)	(542,049)	(454,244)	(117,433)
Units outstanding at December 31, 2004	28,580,124	524,544	613,253	3,206,232	3,401,927

</TABLE>

Minnesota Variable Life Account
Notes to Financial Statements
December 31, 2004 and 2003

(5) Unit Activity from Contract Transactions - continued

<TABLE>
<CAPTION>

	Segregated Sub-Accounts				
	Oppenheimer Capital Appreciation	Oppenheimer High Income	Oppenheimer International Growth	Putnam VT Growth and Income	Putnam VT International Growth
<S>	<C>	<C>	<C>	<C>	<C>
Units outstanding at December 31, 2002	-	-	-	-	-
Contract purchase payments	940,144	1,453,385	1,537,925	127,880	1,508,680
Contract terminations, withdrawal payments and charges	(70,848)	(180,436)	(726,559)	(7,325)	(279,545)
Units outstanding at December 31, 2003	869,296	1,272,949	811,366	120,555	1,229,135
Contract purchase payments	1,765,828	2,066,482	1,217,869	155,695	1,527,854
Contract terminations, withdrawal payments and charges	(178,155)	(547,590)	(235,924)	(35,867)	(319,696)
Units outstanding at December 31, 2004	2,456,969	2,791,841	1,793,311	240,383	2,437,293

<CAPTION>

	Segregated Sub-Accounts				
	Putnam VT New Opportunities	Putnam VT New Value	Putnam VT Voyager	Waddell & Reed Balanced	Waddell & Reed Growth
<S>	<C>	<C>	<C>	<C>	<C>
Units outstanding at December 31, 2002	-	-	-	43,396,953	53,681,235
Contract purchase payments	51,999	474,003	1,394,309	2,242,574	4,467,026
Contract terminations, withdrawal payments and charges	(3,307)	(23,495)	(57,851)	(4,026,414)	(1,782,723)
Units outstanding at December 31, 2003	48,692	450,508	1,336,458	41,613,113	56,365,538
Contract purchase payments	95,071	921,743	1,460,940	1,600,959	2,417,027
Contract terminations, withdrawal payments and charges	(98,956)	(186,930)	(180,570)	(3,576,421)	(4,259,235)
Units outstanding at December 31, 2004	44,807	1,185,321	2,616,828	39,637,651	54,523,330

</TABLE>

11

Minnesota Variable Life Account
Notes to Financial Statements
December 31, 2004 and 2003

(5) Unit Activity from Contract Transactions - continued

<TABLE>
<CAPTION>

	Segregated Sub-Accounts				
	Waddell & Reed International II	Waddell & Reed Small Cap Growth	Waddell & Reed Value	Waddell & Reed Micro-Cap Growth	Waddell & Reed Small Cap Value
<S>	<C>	<C>	<C>	<C>	<C>
Units outstanding at December 31, 2002	46,305,966	42,200,879	31,449,334	10,236,599	16,594,749
Contract purchase payments	3,622,384	4,026,258	2,844,698	2,615,949	4,685,722
Contract terminations, withdrawal payments and charges .	(3,481,359)	(3,887,964)	(2,258,205)	(1,259,328)	(1,236,112)
Units outstanding at December 31, 2003	46,446,991	42,339,173	32,035,827	11,593,220	20,044,359
Contract purchase payments	2,259,821	2,352,823	1,820,889	1,616,767	4,081,350
Contract terminations, withdrawal payments and charges .	(2,838,308)	(3,889,570)	(2,644,092)	(2,257,222)	(1,450,497)
Units outstanding at December 31, 2004	45,868,504	40,802,426	31,212,624	10,952,765	22,675,212

<CAPTION>

	Segregated Sub-Accounts			
	Waddell & Reed Core Equity	Waddell & Reed Asset Strategy	Waddell & Reed International	Waddell & Reed Science & Technology
<S>	<C>	<C>	<C>	<C>
Units outstanding at December 31, 2002	11,911,619	-	-	-
Contract purchase payments	1,978,693	77,351	249,556	213,225
Contract terminations, withdrawal payments and charges .	(1,688,066)	(16,213)	(38,949)	(119,362)
Units outstanding at December 31, 2003	12,202,246	61,138	210,607	93,863
Contract purchase payments	1,589,475	530,164	962,695	737,998
Contract terminations, withdrawal payments and charges .	(2,078,404)	(57,767)	(468,740)	(343,010)
Units outstanding at December 31, 2004	11,713,317	533,535	704,562	488,851

</TABLE>

12

Minnesota Life Variable Life Account
Notes to Financial Statements

(6) Financial Highlights
A summary of units outstanding, unit values, net assets, ratios, and total return for variable life policies for the periods ended December 31, 2004, 2003, 2002, and 2001 is as follows:

<TABLE>
<CAPTION>

	At December 31			For the years ended December 31		
	Units Outstanding	Unit Fair Value	Net Assets	Investment Income Ratio*	Expense Ratio**	Total Return***
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Advantus Bond						
2004	22,781,403	3.15	71,755,838	0.00%	0.50%	4.45%
2003	21,526,597	3.02	64,912,460	0.00%	0.50%	4.83%
2002	20,565,466	2.88	59,156,158	0.00%	0.50%	9.95%
2001	18,422,198	2.62	48,199,915	11.15%	0.50%	7.36%
Advantus Money Market						
2004	8,421,141	1.99	16,732,581	0.75%	0.50%	0.25%
2003	9,247,137	1.98	18,328,561	0.62%	0.50%	0.11%
2002	12,693,008	1.98	25,130,135	1.26%	0.50%	0.78%
2001	9,674,106	1.96	19,005,982	3.72%	0.50%	3.27%
Advantus Index 500						
2004	53,261,845	5.01	266,633,584	0.00%	0.50%	9.84%

2003	51,279,532	4.56	233,704,567	0.00%	0.50%	27.41%
2002	45,940,654	3.58	164,331,526	0.00%	0.50%	-22.75%
2001	42,856,025	4.63	198,433,249	1.01%	0.50%	-12.69%
Advantus Mortgage Securities						
2004	15,405,996	3.54	54,497,600	0.00%	0.50%	4.29%
2003	14,511,424	3.39	49,223,053	0.00%	0.50%	3.64%
2002	13,407,079	3.27	43,878,832	0.06%	0.50%	9.11%
2001	10,233,221	3.00	30,708,062	12.24%	0.50%	8.43%
Advantus International Bond						
2004	7,704,707	1.58	12,137,030	0.00%	0.50%	10.88%
2003	6,784,841	1.42	9,639,586	0.00%	0.50%	19.65%
2002	5,388,668	1.19	6,398,401	0.25%	0.50%	17.35%
2001	3,763,791	1.01	3,812,011	1.28%	0.50%	-2.00%
Advantus Index 400 Mid-Cap						
2004	17,314,148	1.80	31,210,253	0.00%	0.50%	15.15%
2003	14,978,873	1.57	23,447,795	0.00%	0.50%	33.92%
2002	12,100,332	1.17	14,144,300	0.00%	0.50%	-15.46%
2001	9,183,344	1.38	12,697,653	1.07%	0.50%	-1.56%
Advantus Real Estate Securities						
2004	12,804,220	2.30	29,496,448	0.00%	0.50%	34.85%
2003	8,958,862	1.71	15,304,774	0.00%	0.50%	41.50%
2002	6,543,375	1.21	7,899,437	0.02%	0.50%	6.43%
2001	2,873,626	1.13	3,259,285	4.28%	0.50%	9.49%
AIM V.I. Aggressive Growth						
2004	1,433,097	1.38	1,981,322	0.00%	0.50%	10.91%
2003 (a)	868,902	1.25	1,083,101	0.00%	0.50%	24.65%
AIM V.I. Balanced						
2004	291,195	1.21	351,456	1.74%	0.50%	6.71%
2003 (a)	145,886	1.13	165,008	3.84%	0.50%	13.10%
AIM V.I. Dent Demographic Trends						
2004	169,527	1.35	229,191	0.00%	0.50%	7.36%
2003 (a)	91,772	1.26	115,564	0.00%	0.50%	25.92%
AIM V.I. Premier Equity						
2004	416,528	1.24	518,293	0.45%	0.50%	4.97%
2003 (a)	235,798	1.19	279,528	0.38%	0.50%	18.54%

</TABLE>

(6) Financial Highlights - continued

<TABLE>
<CAPTION>

	At December 31			For the years ended December 31		
	Units Outstanding	Unit Fair Value	Net Assets	Investment Income Ratio*	Expense Ratio**	Total Return***
<S>	<C>	<C>	<C>	<C>	<C>	<C>
American Century Income and Growth						
2004	667,993	1.39	930,562	0.81%	0.50%	12.01%
2003 (a)	262,154	1.24	326,036	0.00%	0.50%	24.36%
American Century Ultra						
2004	7,351,949	1.31	9,597,027	0.00%	0.50%	10.04%
2003 (a)	2,077,557	1.19	2,464,606	0.00%	0.50%	18.63%
American Century Value						
2004	2,274,759	1.42	3,233,734	0.52%	0.50%	13.60%
2003 (a)	536,370	1.25	671,196	0.00%	0.50%	25.13%
Credit Suisse Global Post-Venture Capital						
2004	3,100,731	0.61	1,887,687	0.00%	0.50%	17.40%
2003	2,713,393	0.52	1,407,038	0.00%	0.50%	46.92%
2002	2,099,443	0.35	740,973	0.00%	0.50%	-34.49%
2001	1,646,164	0.54	886,810	0.00%	0.50%	-28.99%
Fidelity VIP Contrafund						
2004	34,042,449	1.09	37,013,973	0.19%	0.50%	14.59%
2003	26,273,972	0.95	24,931,097	0.31%	0.50%	27.56%
2002	26,787,135	0.74	19,926,546	0.55%	0.50%	-10.06%
2001	14,805,889	0.83	12,245,077	0.57%	0.50%	-12.91%
Fidelity VIP Equity-Income						
2004	29,944,442	1.25	37,531,850	1.22%	0.50%	10.68%
2003	21,359,239	1.13	24,188,307	1.36%	0.50%	29.38%
2002	14,130,074	0.88	12,367,782	3.29%	0.50%	-17.57%
2001	8,892,303	1.06	9,441,794	0.89%	0.50%	-5.70%
Fidelity VIP Mid-Cap						
2004	16,844,467	1.87	31,506,078	0.00%	0.50%	24.03%
2003	13,155,189	1.51	19,837,629	0.24%	0.50%	37.56%
2002	10,480,433	1.10	11,488,617	0.00%	0.50%	-10.47%
2001	7,981,235	1.22	9,772,447	0.00%	0.50%	-4.00%
Franklin Large Cap Growth Securities						
2004	1,262,432	1.30	1,641,699	0.45%	0.50%	7.40%
2003 (a)	535,873	1.21	648,889	0.30%	0.50%	21.08%

Franklin Mutual Shares Securities						
2004	3,575,422	1.35	4,835,693	0.70%	0.50%	12.07%
2003 (a)	1,080,313	1.21	1,303,765	0.52%	0.50%	20.68%
Franklin Small Cap						
2004	22,575,384	0.76	17,128,990	0.00%	0.50%	10.92%
2003	18,195,312	0.68	12,446,579	0.00%	0.50%	36.56%
2002	11,455,017	0.50	5,737,923	0.24%	0.50%	-29.04%
2001	5,985,912	0.71	4,225,431	0.37%	0.50%	-15.67%
Templeton Developing Markets Securities						
2004	9,606,537	1.52	14,612,168	1.81%	0.50%	24.09%
2003	8,876,046	1.23	10,880,089	1.16%	0.50%	52.23%
2002	7,896,110	0.81	6,358,050	1.43%	0.50%	-0.64%
2001	6,558,923	0.81	5,315,587	0.84%	0.50%	-8.54%
Templeton Global Asset Allocation						
2004	4,634,887	1.30	6,003,376	2.78%	0.50%	15.14%
2003	2,407,920	1.12	2,708,730	2.34%	0.50%	31.30%
2002	965,472	0.86	827,190	1.79%	0.50%	-4.87%
2001	455,500	0.90	410,214	1.39%	0.50%	-10.40%
Janus Aspen Balanced						
2004	308,647	1.19	365,833	2.50%	0.50%	7.75%
2003 (a)	206,598	1.10	227,257	2.03%	0.50%	10.00%

</TABLE>

(6) Financial Highlights - continued

<TABLE>
<CAPTION>

<S>	At December 31 Units Outstanding <C>	Unit Fair Value <C>	Net Assets <C>	For the years ended December 31 Investment Income Ratio* <C>	Expense Ratio** <C>	Total Return*** <C>
Janus Aspen Capital Appreciation						
2004	32,471,802	0.75	24,502,223	0.03%	0.50%	17.38%
2003	32,140,569	0.64	20,661,447	0.25%	0.50%	19.63%
2002	28,666,591	0.54	15,403,645	0.32%	0.50%	-16.35%
2001	22,458,144	0.64	14,425,719	0.87%	0.50%	-22.22%
Janus International Growth						
2004	28,580,124	0.74	21,173,506	0.87%	0.50%	18.09%
2003	27,451,326	0.63	17,221,128	0.99%	0.50%	33.87%
2002	25,080,452	0.47	11,753,696	0.69%	0.50%	-26.13%
2001	21,590,583	0.63	13,697,066	0.75%	0.50%	-23.81%
MFS Investors Growth Stock						
2004	524,544	1.25	656,928	0.00%	0.50%	8.44%
2003 (a)	386,383	1.15	446,233	0.00%	0.50%	15.49%
MFS Mid Cap Growth						
2004	613,253	1.46	894,843	0.00%	0.50%	13.81%
2003 (a)	240,163	1.28	307,921	0.00%	0.50%	28.21%
MFS New Discovery						
2004	3,206,232	1.36	4,345,170	0.00%	0.50%	5.68%
2003 (a)	1,238,069	1.28	1,587,693	0.00%	0.50%	28.24%
MFS Value						
2004	3,401,927	1.41	4,785,808	1.67%	0.50%	14.25%
2003 (a)	1,429,045	1.23	1,759,604	0.00%	0.50%	23.13%
Oppenheimer Capital Appreciation						
2004	2,456,969	1.31	3,230,727	0.18%	0.50%	6.08%
2003 (a)	869,296	1.24	1,077,516	0.00%	0.50%	23.95%
Oppenheimer High Income						
2004	2,791,841	1.21	3,365,008	5.27%	0.50%	8.19%
2003 (a)	1,272,949	1.11	1,418,164	0.00%	0.50%	11.40%
Oppenheimer International Growth						
2004	1,793,311	1.73	3,100,055	1.03%	0.50%	16.56%
2003 (a)	811,366	1.48	1,203,305	0.00%	0.50%	48.30%
Putnam VT Growth and Income						
2004	240,383	1.37	329,299	1.56%	0.50%	10.56%
2003 (a)	120,555	1.24	149,378	0.00%	0.50%	23.90%
Putnam VT International Growth						
2004	2,437,293	1.48	3,596,507	1.22%	0.50%	15.62%
2003 (a)	1,229,135	1.28	1,568,774	0.00%	0.50%	27.63%
Putnam VT New Opportunities						
2004	44,807	1.36	60,976	0.00%	0.50%	9.76%
2003 (a)	48,692	1.24	60,367	0.00%	0.50%	23.98%
Putnam VT New Value						
2004	1,185,321	1.49	1,767,585	0.64%	0.50%	14.85%
2003 (a)	450,508	1.30	584,940	0.00%	0.50%	29.83%

</TABLE>

Minnesota Life Variable Life Account
Notes to Financial Statements

(6) Financial Highlights - continued

<TABLE>
<CAPTION>

	At December 31			For the years ended December 31		
	Units Outstanding	Unit Fair Value	Net Assets	Investment Income Ratio*	Expense Ratio**	Total Return***
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Putnam VT Voyager						
2004	2,616,828	1.24	3,232,814	0.21%	0.50%	4.51%
2003 (a)	1,336,458	1.18	1,579,833	0.00%	0.50%	18.21%
Waddell & Reed Balanced (b)						
2004	39,637,651	3.74	148,394,189	1.47%	0.50%	8.39%
2003	41,613,113	3.45	143,728,924	0.70%	0.50%	20.45%
2002	43,396,953	2.87	124,438,389	0.00%	0.50%	-9.44%
2001	44,034,423	3.17	139,433,091	2.12%	0.50%	-14.79%
Waddell & Reed Growth						
2004	54,523,330	3.19	173,761,982	0.28%	0.50%	2.79%
2003	56,365,538	3.10	174,753,707	0.00%	0.50%	24.83%
2002	53,681,235	2.48	70,296,942	0.00%	0.50%	-25.81%
2001	27,973,687	3.35	93,654,792	0.00%	0.50%	-25.18%
Waddell & Reed International II						
2004	45,868,504	3.30	151,477,262	1.08%	0.50%	22.07%
2003	46,446,991	2.71	125,660,408	1.90%	0.50%	46.12%
2002	46,305,966	1.85	85,738,006	0.00%	0.50%	-18.23%
2001	45,809,624	2.26	103,736,638	4.23%	0.50%	-11.65%
Waddell & Reed Small Cap Growth						
2004	40,802,426	2.25	91,838,802	0.00%	0.50%	13.72%
2003	42,339,173	1.98	83,797,756	0.00%	0.50%	47.24%
2002	42,200,879	1.34	56,725,839	0.00%	0.50%	-32.14%
2001	40,649,586	1.98	80,522,027	0.00%	0.50%	-15.12%
Waddell & Reed Value						
2004	31,212,624	2.30	71,928,148	1.06%	0.50%	14.13%
2003	32,035,827	2.02	64,685,031	0.59%	0.50%	26.42%
2002	31,449,334	1.60	50,229,078	0.00%	0.50%	-15.74%
2001	29,568,022	1.90	56,049,664	1.17%	0.50%	-10.90%
Waddell & Reed Micro-Cap Growth						
2004	10,952,765	1.67	18,281,451	0.00%	0.50%	9.50%
2003	11,593,220	1.52	17,671,342	0.00%	0.50%	53.64%
2002	10,236,599	0.99	10,156,947	0.00%	0.50%	-43.93%
2001	8,554,102	1.77	15,138,052	0.00%	0.50%	-11.77%
Waddell & Reed Small Cap Value						
2004	22,675,212	1.66	37,551,645	0.00%	0.50%	14.45%
2003	20,044,359	1.45	29,004,455	0.00%	0.50%	48.73%
2002	16,594,748	0.97	16,144,437	0.00%	0.50%	-20.38%
2001	11,588,912	1.22	14,159,859	0.00%	0.50%	-15.01%
Waddell & Reed Core Equity						
2004	11,713,317	0.91	10,603,056	0.65%	0.50%	9.02%
2003	12,202,246	0.83	10,131,512	0.78%	0.50%	20.73%
2002	11,911,619	0.69	8,192,164	0.00%	0.50%	-28.50%
2001	9,107,021	0.96	8,759,999	0.32%	0.50%	-8.20%
Waddell & Reed Asset Strategy						
2004	533,535	1.19	637,309	2.73%	0.50%	12.73%
2003 (a)	61,138	1.06	64,781	2.28%	0.50%	5.96%
Waddell & Reed International						
2004	704,562	1.28	902,995	1.07%	0.50%	13.43%
2003 (a)	210,607	1.13	237,965	2.37%	0.50%	12.99%
Waddell & Reed Science & Technology						
2004	488,851	1.27	623,134	0.00%	0.50%	15.67%
2003 (a)	93,863	1.10	103,437	0.00%	0.50%	10.20%

</TABLE>

Minnesota Life Variable Life Account
Notes to Financial Statements

(6) Financial Highlights - continued

*These amounts represent the dividends, excluding distributions of capital gains, received by the sub-account from the underlying mutual fund, net of expenses assessed by the fund, divided by the average net assets. These ratios exclude those expenses, such as mortality and expense charges, that result in direct reductions in the unit values. The recognition of investment income by the sub-account is affected by the timing of the declaration of dividends by the underlying fund in which the sub-account invests and, to the extent the underlying fund utilizes consent dividends rather than paying dividends in cash or reinvested shares, the Account does not record investment income.

**This ratio represents the annualized contract expenses of the separate account, consisting of mortality and expense charges. The ratio includes only those expenses that result in a direct reduction to unit values. Charges made directly to contract owner accounts through the redemption of units and expenses of the underlying fund are excluded.

***These amounts represent the total return for the period indicated, including changes in the value of the underlying fund, and reflect deductions for all items included in the expense ratio. The total return does not include any expenses assessed through the redemption of units. Inclusion of these expenses in the calculation would result in a reduction in the total return presented. Investment options with a date notation indicate the effective date of that investment option in the variable account. The total return is calculated for the period indicated or from the effective date through the end of the reporting period.

(a) Period from September 22, 2003, commencement of operations, to December 31, 2003.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholder
Minnesota Life Insurance Company:

We have audited the accompanying consolidated balance sheets of Minnesota Life Insurance Company and subsidiaries (collectively, the Company) as of December 31, 2004 and 2003, and the related consolidated statements of operations and comprehensive income, changes in stockholder's equity and cash flows for each of the years in the three-year period ended December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Minnesota Life Insurance Company and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

As discussed in note 2 to the consolidated financial statements, effective January 1, 2004, the Company adopted Statement of Position 03-1, Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long- Duration Contracts and for Separate Accounts.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information included in the accompanying schedules is presented for purpose of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Minneapolis, Minnesota
March 10, 2005

MINNESOTA LIFE INSURANCE COMPANY AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2004 and 2003
(In thousands)

<TABLE>
<CAPTION>

	2004	2003
<S>	<C>	<C>
Assets		
Fixed maturity securities:		

Available-for-sale, at fair value (amortized cost $5,213,338 and $4,647,433)	$ 5,472,948	$ 4,941,278
Equity securities, at fair value (cost $606,225 and $580,495)	747,277	676,398
Mortgage loans, net	810,508	773,479
Real estate, net	1,771	1,830
Finance receivables, net	140,425	127,716
Policy loans	270,186	263,508
Private equity investments (cost $228,338 and $236,197)	226,631	222,200
Fixed maturity securities on loan, at fair value (amortized cost $1,128,126 and $1,304,233)	1,152,143	1,361,128
Equity securities on loan, at fair value (cost $63,396 and $52,100)	84,121	68,771
Other invested assets	23,306	169,720
Total investments	8,929,316	8,606,028
Cash and cash equivalents	196,508	222,529
Securities held as collateral	1,276,761	1,466,354
Deferred policy acquisition costs	721,055	636,475
Accrued investment income	85,553	83,461
Premiums and fees receivable	137,578	137,954
Property and equipment, net	80,033	82,856
Reinsurance recoverables	727,129	677,102
Goodwill and intangible assets, net	23,089	--
Other assets	36,653	31,870
Separate account assets	9,563,176	8,854,022
Total assets	$21,776,851	$20,798,651

Liabilities and Stockholder's Equity

Liabilities:		
Policy and contract account balances	$ 4,853,594	$ 4,688,655
Future policy and contract benefits	2,090,802	2,052,276
Pending policy and contract claims	169,699	160,687
Other policyholder funds	578,621	557,525
Policyholder dividends payable	48,301	52,995
Unearned premiums and fees	212,057	199,767
Federal income tax liability:		
Current	24,457	32,429
Deferred	198,484	138,964
Other liabilities	428,111	497,970
Notes payable	125,000	125,000
Securities lending collateral	1,276,761	1,466,354
Separate account liabilities	9,563,176	8,809,077
Total liabilities	19,569,063	18,781,699
Stockholder's equity:		
Common stock, $1 par value, 5,000,000 shares authorized, issued and outstanding	5,000	5,000
Additional paid in capital	61,164	3,000
Retained earnings	1,918,603	1,795,285
Accumulated other comprehensive income	223,021	213,667
Total stockholder's equity	2,207,788	2,016,952
Total liabilities and stockholder's equity	$21,776,851	$20,798,651

</TABLE>

See accompanying notes to consolidated financial statements.

MINNESOTA LIFE INSURANCE COMPANY AND SUBSIDIARIES
Consolidated Statements of Operations and Comprehensive Income
Years ended December 31, 2004, 2003 and 2002
(In thousands)

<TABLE>
<CAPTION>

<S>	2004 <C>	2003 <C>	2002 <C>
Revenues:			
Premiums	$1,078,586	$1,005,277	$ 900,074
Policy and contract fees	382,048	351,669	355,890
Net investment income	459,612	465,858	499,103
Net realized investment gains (losses)	73,862	(48,641)	(137,097)
Finance charge income	37,694	34,148	33,125

Commission income	40,589	--	--
Other income	21,273	18,820	22,777
Total revenues	2,093,664	1,827,131	1,673,872
Benefits and expenses:			
Policyholder benefits	1,027,760	975,604	849,342
Interest credited to policies and contracts	280,618	287,018	289,606
General operating expenses	389,924	341,552	328,421
Commissions	143,633	108,293	100,912
Administrative and sponsorship fees	63,057	68,773	71,166
Dividends to policyholders	15,331	17,817	19,162
Interest on notes payable	10,391	11,258	12,758
Amortization of deferred policy acquisition costs	169,888	166,138	188,662
Capitalization of policy acquisition costs	(206,061)	(208,620)	(169,437)
Total benefits and expenses	1,894,541	1,767,833	1,690,592
Income (loss) from operations before taxes	199,123	59,298	(16,720)
Federal income tax expense (benefit):			
Current	17,445	19,121	3,048
Deferred	42,821	(4,268)	(23,524)
Total federal income tax expense (benefit)	60,266	14,853	(20,476)
Net income	$ 138,857	$ 44,445	$ 3,756
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on securities, net	$ 9,354	$ 155,276	$ (44,898)
Other comprehensive income (loss), net of tax	9,354	155,276	(44,898)
Comprehensive income (loss)	$ 148,211	$ 199,721	$ (41,142)

</TABLE>

See accompanying notes to consolidated financial statements.

MINNESOTA LIFE INSURANCE COMPANY AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholder's Equity
Years ended December 31, 2004, 2003 and 2002
(In thousands)

<TABLE>
<CAPTION>

<S>	2004 <C>	2003 <C>	2002 <C>
Common stock:			
Total common stock	$ 5,000	$ 5,000	$ 5,000
Additional paid in capital:			
Beginning balance	$ 3,000	$ 3,000	$ 3,000
Contributions	58,164	--	--
Total additional paid in capital	$ 61,164	$ 3,000	$ 3,000
Retained earnings:			
Beginning balance	$1,795,285	$1,786,873	$1,821,015
Net income	138,857	44,445	3,756
Dividends to stockholder	(15,539)	(36,033)	(37,898)
Total retained earnings	$1,918,603	$1,795,285	$1,786,873
Accumulated other comprehensive income:			
Beginning balance	$ 213,667	$ 58,391	$ 103,289
Change in unrealized appreciation (depreciation) of securities, net	9,354	155,276	(44,898)
Total accumulated other comprehensive income	$ 223,021	$ 213,667	$ 58,391
Total stockholder's equity	$2,207,788	$2,016,952	$1,853,264

</TABLE>

See accompanying notes to consolidated financial statements.

MINNESOTA LIFE INSURANCE COMPANY AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended December 31, 2004, 2003 and 2002
(In thousands)

<TABLE>
<CAPTION>

<S>	2004 <C>	2003 <C>	2002 <C>
Cash Flows from Operating Activities			
Net income	$ 138,857	$ 44,445	$ 3,756
Adjustments to reconcile net income to net cash provided by operating activities:			
Interest credited to annuity and insurance contracts	248,103	249,128	251,828
Fees deducted from policy and contract balances	(352,028)	(327,631)	(319,227)
Change in future policy benefits	41,572	30,013	153,061
Change in other policyholder liabilities, net	9,006	35,834	(35,323)
Amortization of deferred policy acquisition costs	169,888	166,138	188,662
Capitalization of policy acquisition costs	(206,061)	(208,620)	(169,437)
Change in premiums and fees receivable	375	(12,530)	(6,689)
Deferred tax provision	42,821	(4,268)	(23,524)
Change in federal income tax liabilities - current	(7,972)	16,009	(16,929)
Net realized investment losses (gains)	(73,862)	48,641	137,097
Change in reinsurance recoverables	(50,027)	(30,147)	(22,515)
Other, net	90,532	137,729	14,973
Net cash provided by operating activities	51,204	144,741	155,733
Cash Flows from Investing Activities			
Proceeds from sales of:			
Fixed maturity securities, available-for-sale	1,538,904	1,658,859	2,046,691
Equity securities	537,399	429,470	378,452
Mortgage loans	3,239	--	--
Real estate	1,276	11,255	3,301
Private equity investments	63,623	23,703	11,583
Other invested assets	23,619	1,729	12,343
Proceeds from maturities and repayments of:			
Fixed maturity securities, available-for-sale	1,262,636	1,170,516	601,211
Mortgage loans	79,356	81,056	50,370
Purchases and originations of:			
Fixed maturity securities, available-for-sale	(3,077,269)	(3,281,851)	(2,898,144)
Equity securities	(477,434)	(462,070)	(377,641)
Mortgage loans	(119,806)	(86,931)	(78,011)
Real estate	(1,324)	(737)	--
Private equity investments	(51,265)	(31,519)	(42,639)
Other invested assets	(21,779)	(4,319)	(2,866)
Finance receivable originations or purchases	(109,989)	(91,674)	(82,141)
Finance receivable principal payments	89,283	77,154	78,266
Securities in transit	(109,734)	95,821	(39,632)
Other, net	(23,196)	(22,760)	(14,346)
Net cash used for investing activities	(392,461)	(432,298)	(353,203)
Cash Flows from Financing Activities			
Deposits credited to annuity and insurance contracts	1,814,146	1,626,707	1,434,456
Withdrawals from annuity and insurance contracts	(1,546,611)	(1,263,337)	(1,188,125)
Payments on debt	--	(12,000)	(22,000)
Contributed capital	55,000	--	--
Dividends paid to stockholder	--	(22,000)	(78,586)
Other, net	(7,299)	2,714	(363)
Net cash provided by financing activities	315,236	332,084	145,382
Net (decrease) increase in cash and cash equivalents	(26,021)	44,527	(52,088)
Cash and cash equivalents, beginning of year	222,529	178,002	230,090
Cash and cash equivalents, end of year	$ 196,508	$ 222,529	$ 178,002

</TABLE>

See accompanying notes to consolidated financial statements.

MINNESOTA LIFE INSURANCE COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(1) Nature of Operations

Organization and Description of Business

The accompanying consolidated financial statements include the accounts of Minnesota Life Insurance Company (a wholly-owned subsidiary of Securian Financial Group, Inc.) and its wholly-owned subsidiaries, Personal Finance Company LLC, Enterprise Holding Corporation, Northstar Life Insurance Company, and Allied Solutions, LLC. Minnesota Life Insurance Company, both directly and through its subsidiaries (collectively, the Company), provides a diversified array of insurance and financial products and services designed principally to protect and enhance the long-term financial well-being of individuals and families.

The Company's strategy is to be successful in carefully selected niche markets, primarily in the United States, while focusing on the retention of existing business and the maintenance of profitability. To achieve this objective, the Company has divided its businesses into four strategic business units, which focus on various markets: Individual Financial Security, Financial Services, Group Insurance, and Retirement Services. Revenues, including net realized investment gains and losses, in 2004 for these business units were $598,650,000, $270,687,000, $888,030,000 and $197,468,000, respectively. Revenues in 2003 for these strategic business units were $589,782,000, $258,798,000, $805,084,000, and $187,440,000, respectively. Revenues in 2002 for these strategic business units were $620,370,000, $287,073,000, $672,316,000, and $188,626,000, respectively. Additional revenues, including the majority of net realized investment gains and losses, reported by the Company's subsidiaries and corporate product line for the years ended December 31, 2004, 2003 and 2002, were $138,829,000, ($13,973,000) and ($94,513,000), respectively.

The Company serves over eight million people through more than 5,000 home office associates and field representatives located at its St. Paul, Minnesota headquarters and in sales offices nationwide.

During 2004, the Company's majority-owned subsidiary, MIMLIC Life Insurance Company, was dissolved.

On June 1, 2004, the Company purchased Allied Solutions, LLC and Subsidiary (Allied). See note 13 for further explanation of this transaction.

Effective July 1, 2003, Personal Finance Company converted from a C corporation into a limited liability company and its name was changed to Personal Finance Company LLC.

On April 1, 2003, ownership of Securian Life Insurance Company was transferred from the Company to Securian Financial Group, Inc., in the form of a dividend.

On January 2, 2003, ownership of Securian Casualty Company was transferred from the Company to Securian Financial Group, Inc., in the form of a dividend.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The consolidated financial statements include the accounts of the Minnesota Life Insurance Company and its subsidiaries. The results of Allied are reported on a month lag, which is not considered to be material to the consolidated results of operations or financial position of the Company. All material intercompany transactions and balances have been eliminated.

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The Company's insurance operations, domiciled in the states of Minnesota and New York, prepare statutory financial statements in accordance with the accounting practices prescribed or permitted by the insurance departments of the states of domicile. Prescribed statutory accounting practices are those practices that are incorporated directly or by reference in state laws, regulations and general administrative rules applicable to all insurance enterprises domiciled in a particular state. Permitted statutory accounting practices include practices not prescribed by the domiciliary state, but allowed by the domiciliary state regulatory authority. The Company's insurance operations have no material statutory accounting practices that differ from those of the state of domicile or the National Association of Insurance Commissioners accounting practices. See note 19 for discussion of statutory dividend limitations.

The preparation of consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect reported assets and liabilities, including reporting or disclosure of contingent assets and liabilities as of the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Future events, including changes in mortality, morbidity, interest rates and asset valuations, could cause actual results to differ from the estimates used in the consolidated financial statements.

The most significant estimates include those used in determining the balance and amortization of deferred policy acquisition costs for traditional and nontraditional insurance products, policyholder liabilities, impairment losses on investments, valuation allowances for mortgage loans on real estate, federal income taxes, goodwill, intangible assets, and pension and other postretirement employee benefits. Although some variability is inherent in these estimates, the recorded amounts reflect management's best estimates based on facts and circumstances as of the balance sheet date. Management believes the amounts provided are appropriate.

Insurance Revenues and Expenses

Premiums on traditional life products, which include individual whole life and term insurance and immediate annuities, are credited to revenue when due. For accident and health and group life products, premiums are credited to revenue over the contract period as earned. To the extent that this revenue is unearned, it is reported as part of unearned premiums and fees on the consolidated balance sheets. Benefits and expenses are recognized in relation to premiums over the contract period via a provision for future policy benefits and the amortization of deferred policy acquisition costs.

Nontraditional life products include individual adjustable and variable life insurance and group universal and variable life insurance. Revenue from nontraditional life products and deferred annuities is comprised of policy and contract fees charged for the cost of insurance, policy administration and surrenders and is assessed on a daily or monthly basis and recognized as revenue when assessed and earned. Expenses include both the portion of claims not covered by and the interest credited to the related policy and contract account balances. Deferred policy acquisition costs are amortized relative to estimated gross profits or margins.

Any premiums on both traditional and nontraditional products due as of the date of the consolidated financial statements that are not yet paid are included in premiums and fees receivables on the consolidated balance sheets.

Certain nontraditional life products, specifically individual adjustable and variable life insurance policies, require payment of fees in advance for services that will be rendered over the estimated lives of the policies. These payments are established as unearned revenue reserves upon receipt and are included in unearned premiums and fees on the consolidated balance sheets. These unearned revenue reserves are amortized to operations over the estimated lives of these policies and contracts in relation to the emergence of estimated gross profit margins.

(Continued)

Commission Revenue

Commission income on insurance products is recognized as earned, net of the amount required to be remitted to the various underwriters responsible for providing the policy.

Deferred Policy Acquisition Costs

The costs of acquiring new and renewal business, which vary with and are primarily related to the production of new and renewal business, are generally deferred to the extent recoverable from future premiums or expected gross profits. Deferrable costs include commissions, underwriting expenses and certain other selling and issue costs. Deferred policy acquisition costs (DAC) are subject to loss recognition testing at least annually.

For traditional life, accident and health and group life products, DAC are amortized with interest over the premium paying period in proportion to the ratio of annual premium revenues to ultimate anticipated premium revenues. The ultimate premium revenues are estimated based upon the same assumptions used to calculate the future policy benefits.

For nontraditional life products and deferred annuities, DAC are amortized with interest over the expected lives of the contracts in relation to the present value of estimated gross profits from investment, mortality and expense, and lapse margins. The Company reviews actuarial assumptions used to project estimated gross profits, such as mortality, persistency, expenses, investment returns and separate account performance, periodically throughout the year. These assumptions reflect the Company's best estimate of future experience. For future separate account performance, the Company utilizes a mean reversion process. The Company's future long-term yield assumption changed from 9% to 8% at December 31, 2004. This change was a result of a change in management's best estimate regarding future long-term separate account performance. Factors regarding economic outlook as reviewed by a third party and internal investment experts, and management's current view of the capital markets were considered in developing management's best estimate of the long-term assumption. The Company's policy regarding the reversion to the mean process assumes a five-year reversion period during which a modified yield assumption is projected for the next five years after the valuation date. This modified yield assumption is calculated such that, when combined with the actual yields from January 1, 2001 through the valuation date, the total yield from January 1, 2001 through the end of the five-year reversion period is equal to the long-term assumption. This modified yield assumption is not permitted to be negative or in excess of 15% during the five-year reversion period.

Changes in actuarial assumptions can have a significant impact on the amount of DAC reported for nontraditional life and deferred annuities, and the related amortization patterns. In the event actual experience differs from assumptions or assumptions are revised to reflect management's best estimate, the Company records an increase or decrease in DAC amortization expense, which could be significant.

Any resulting impact to financial results from a change in actuarial assumption is included in amortization of deferred policy acquisition costs in the consolidated statements of operations. Deferred policy acquisition costs are adjusted to reflect the impact of unrealized gains and losses on fixed maturity securities available-for-sale as described in note 17.

Software Capitalization

Computer software costs incurred for internal use are capitalized and amortized over a three or five-year period. Computer software costs include application software, purchased software packages and significant upgrades to software. The Company had unamortized cost of $26,183,000 and $26,032,000 as of December 31, 2004 and 2003, respectively, and amortized software expense of $8,356,000, $7,838,000 and $8,227,000 for the years ended December 31, 2004, 2003 and 2002, respectively.

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Finance Charge Income and Receivables

Finance charge income, arising from the Company's consumer finance operations, includes earned finance charges, interest, and fees on finance receivables. Accrued and uncollected finance charges, interest, and fees are included in finance receivables in the consolidated balance sheets. The Company uses the interest (actuarial) method of accounting for finance charges and interest on finance receivables. Finance receivables are reported net of unearned finance charges. Accrual of finance charges and interest on smaller balance homogeneous finance receivables is suspended when a loan is contractually delinquent for more than 60 days and is subsequently recognized when received. Accrual is resumed when the loan is contractually less than 60 days past due. Late charges are accrued only if two or less late charges are due and unpaid. Accrual of finance charges and interest is suspended on other receivables at the earlier of when they are contractually past due for more than 60 days or they are considered by management to be impaired.

A loan is treated as impaired when based upon current information and events it is probable that the Company will be unable to collect all amounts due according to all of the contractual terms of the loan agreement. Loan impairment is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, or as a practical expedient, at the observable market price of the loan or the fair value of the collateral if the loan is collateral dependent. When a loan is identified as impaired, interest accrued in the current year is reversed. Interest payments received on impaired loans are generally applied to principal unless the remaining principal balance has been determined to be fully collectible.

An allowance for losses is maintained by direct charges to operations at an amount which in management's judgment, based on a specific review of larger individual loans, the overall risk characteristics of the portfolio, changes in the character or size of the portfolio, the level of non-performing assets, historical losses and economic conditions, is adequate to absorb probable losses on existing receivables. It is the Company's general policy to charge-off accounts (net of unearned finance charges) when they are deemed uncollectible and in any event on which no collections were received during the preceding six months, except for certain accounts which have been individually reviewed by management and are deemed to warrant further collection effort.

The adequacy of the allowance for losses is highly dependent upon management's estimates of variables affecting valuation, appraisals of collateral, evaluations of performance and status, and the amounts and timing of future cash flows expected to be received on impaired loans. Such estimates, appraisals, evaluations and cash flows may be subject to frequent adjustments due to changing economic prospects of borrowers or properties. These estimates are reviewed periodically and adjustments, if necessary, are recorded in the provision for credit losses in the periods in which they become known.

Valuation of Investments and Net Investment Income

Fixed maturity securities, which may be sold prior to maturity, including fixed maturities on loan, are classified as available-for-sale and are carried at fair value. Premiums and discounts are amortized or accreted over the estimated lives of the securities based on the interest yield method. The Company recognizes the excess of all cash flows attributable to its beneficial interest in asset-backed securities, including all interest only strips and asset-backed securities not of high credit quality, estimated at the acquisition/transaction date over the initial investment as interest income over the life of the Company's beneficial interest using the effective yield method.

The Company uses book value as cost for applying the retrospective adjustment method to fixed maturity securities purchased. Prepayment assumptions for single class and multi-class mortgage-backed securities were obtained from broker dealer survey values or internal estimates.

Marketable equity securities (common stocks, preferred stocks and equity securities on loan) are classified as available-for-sale and are carried at fair value. Mutual funds in select asset classes that are sub-advised are carried at the fair value of the underlying net assets of the funds.

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Valuation of Investments and Net Investment Income (Continued)

Mortgage loans are carried at amortized cost less any valuation allowances. Premiums and discounts are amortized or accreted over the terms of the mortgage loans based on the interest yield method. Impairments are determined by specific identification. A mortgage loan is considered impaired if it is probable that contractual amounts due will not be collected. Impaired mortgage loans are valued at the fair value of the underlying collateral.

Private equity investments in limited partnerships are carried on the consolidated balance sheets at the amount invested, adjusted to recognize the Company's ownership share of the earnings or losses of the investee after the date of the acquisition, adjusted for any distributions received. In-kind distributions are recorded as a return of capital for the cost basis of the stock received. Any adjustments recorded directly to stockholders' equity of the investee are recorded, based on the Company's ownership share, as an adjustment to the amount invested and as unrealized gains or losses. The valuation of private equity investments is recorded based on the partnership financial statements from the previous quarter. The Company believes this valuation represents the best available estimate, however, to the extent that market conditions fluctuate significantly, any change in the following quarter partnership financial statements could be material to the Company's unrealized gains or losses included in stockholder's equity.

Fair values of fixed maturity securities are based on quoted market prices where available. Fair values of marketable equity securities and embedded derivatives are based on quoted market prices. Fair values of private equity investments are obtained from the financial statement valuations of the underlying fund or independent broker bids. For fixed maturity securities not based on quoted market prices (generally private placement securities and securities that do not trade regularly) an internally developed pricing model using a commercial software application is most often used. The internally developed pricing model is developed by obtaining spreads versus the U.S. Treasury yield for corporate securities with varying weighted average lives and bond ratings. The weighted average life and bond rating of a particular fixed maturity security to be priced are important inputs into the model and are used to determine a corresponding spread that is added to the U.S. Treasury yield to create an estimated market yield for that security. The estimated market yield, liquidity premium, any adjustments for known credit risk, and other relevant factors are then used to estimate the fair value of the particular fixed maturity security. For securities for which quoted market prices are not available and the internally developed pricing model is not suitable for estimating fair values, qualified company representatives determine the fair value using discounted cash flows and pricing information obtained from the trustee of the related security. As of December 31, 2004, 79.3% of the fair values of fixed maturity securities were obtained from quoted market prices, 19.8% from the internal methods described above and .9% from other sources, primarily broker bids.

Real estate is carried at cost less accumulated depreciation and an allowance for estimated losses.

The Company recognizes interest income as earned and recognizes dividend income on equity securities upon the declaration of the dividend.

For mortgage-backed securities, the Company recognizes income using a constant effective yield method based on prepayment assumptions obtained from an outside service provider or upon analyst review of the underlying collateral and the estimated economic life of the securities. When estimated prepayments differ from the anticipated prepayments, the effective yield is recalculated to reflect actual prepayments to date and anticipated future payments. Any resulting adjustment is included in net investment income. All other investment income is recorded using the interest method without anticipating the impact of prepayments.

Policy loans are carried at the unpaid principal balance.

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Valuation of Investments and Net Investment Income (Continued)

Cash and cash equivalents are carried at cost, which approximates fair value. The Company considers all money market funds and commercial paper with original maturity dates of less than three months to be cash equivalents. The Company places its cash and cash equivalents with high quality financial institutions and, at times, these balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

A portion of the funds collected by the Company from its financial institution customers is restricted in its use because the Company is acting as an agent on behalf of certain insurance underwriters. As an agent, the Company has a fiduciary responsibility to remit the appropriate percentage of monies collected to the corresponding insurance underwriters. This sum of money is defined as unremitted premiums payable, is recorded in other liabilities on the consolidated balance sheets, and is discussed in detail in note 12. The use of the restricted funds is limited to the satisfaction of the unremitted premiums payable owed to the underwriter. The amount of restricted cash reported in cash and cash equivalents on the consolidated balance sheets is $13,008,000 and $0 at December 31, 2004 and 2003, respectively.

Available-for-sale securities are stated at fair value, with the unrealized gains and losses, net of adjustments to deferred policy acquisition costs, reserves and deferred federal income tax, reported as a separate component of accumulated other comprehensive income in stockholder's equity. The adjustment to deferred policy acquisition costs represents the change in amortization of deferred policy acquisition costs that would have been required as a charge or credit to operations had such unrealized amounts been realized. The adjustment to reserves represents the increase in policy reserves from using a discount rate that would have been required if such unrealized gains had been realized and the proceeds reinvested at then current market interest rates, which were lower than the current effective portfolio rate.

Finance receivables that management has the intent and ability to hold for the foreseeable future or until maturity or payoffs are reported at their outstanding unpaid principal balances reduced by any charge-off. The interest rates on the receivables outstanding at December 31, 2004 and 2003 are consistent with the rates at which loans would currently be made to borrowers of similar credit quality and for the same maturities and security; as such, the carrying value of the receivables outstanding at December 31, 2004 and 2003 approximate the fair value at that date.

Credit Risk

Certain financial instruments, consisting primarily of cash and cash equivalents, potentially subject the Company to concentration of credit risk. The Company places its cash and cash equivalents with high quality financial institutions and limits the amount of credit exposure with any one institution. Concentration of credit risk with respect to mortgages, fixed maturity securities, and other invested assets are limited because of the diverse geographic base and industries of the underlying issuers. This diversity is an integral component of the portfolio management process.

Equity security diversification is obtained through the use of style diversification and through limiting exposure to a single issuer. Private equity investment diversification is achieved by dividing the portfolio between direct venture company funds, mezzanine debt funds and hedge and other types of private equity instruments. In addition, this portfolio is managed by diversifying industry sectors to limit exposure to any one type of fund.

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Credit Risk (Continued)

During 2003, the Company exchanged its affiliated investment advisor's mutual funds for shares of Waddell and Reed Ivy Investment Co. funds due to the sale of the equity advisory business by its affiliated investment advisor. For 2003, the investments continued to be invested across the same eight well-diversified investment strategies employed by the former affiliated funds. The fair value of these funds at December 31, 2003 was $172,424,000. During 2004, four of these funds were liquidated while the remaining four funds continue to be managed using the same diversification strategy and had a fair value at December 31, 2004 of $93,297,000.

Derivative Financial Instruments

The Company holds derivative financial instruments for the purpose of hedging the risks of certain identifiable and anticipated transactions. In general, the types of risks hedged are those relating to the variability of future earnings and cash flows caused by movements in foreign currency exchange rates and changes in interest rates. The Company documents its risk management strategy and hedge effectiveness at the inception of and during the term of each hedge.

In the normal course of business, the Company held one derivative in the form of an equity swap which matured in August 2003. The purpose of this swap was to hedge the fair value of equity-linked instruments to equity market movements. This swap was a customized derivative that was embedded directly with the underlying equity-linked fixed maturity security and could not be unwound separately from the fixed maturity security. Equity swaps are considered to be fair value hedges and were entered into only for the purpose of hedging such risks, not for speculation. The change in fair value of this swap was offset to net realized capital losses by changes in the fair value of the item being hedged. As of December 31, 2004 and 2003, the Company had no equity swap positions.

The Company uses short-duration spot contracts to manage the foreign exchange risk inherent in the elapsed time between trade processing and trade settlement in its international equity portfolio. The contracts had an immaterial impact on the Company's current year consolidated operating results.

The Company reclassified certain mortgage dollar roll securities from fixed maturity and equity securities classified as available-for-sale as of December 31, 2004 and 2003, in the amount of $2,926,000 and $114,809,000, respectively, to other invested assets. As of December 31, 2004 and 2003, the change in fair value of these securities included in realized capital gains (losses) was $1,013,000 and ($1,007,000), respectively.

Realized and Unrealized Gains and Losses

The Company regularly reviews each investment in its various asset classes to evaluate the necessity of recording impairment losses for other-than-temporary declines in the fair value of the investments.

Under the Company's accounting policy for debt and equity securities that can be contractually prepaid or otherwise settled in a way that may limit the Company's ability to fully recover cost, an impairment is deemed to be other-than-temporary unless the Company has both the ability and intent to hold the investment for a reasonable period of time. For debt securities, the Company estimates cash flows over the life of purchased beneficial interests in securitized financial assets. If the Company estimates that the fair value of its beneficial interests is not greater than or equal to its carrying value based on current information and events, and if there has been an adverse change in estimated cash flows since the last revised estimate, considering both timing and amount, then the Company recognizes an other-than-temporary impairment and writes down the purchased benefit interest to fair value.

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Realized and Unrealized Gains and Losses (Continued)

For other debt and equity securities, an other-than-temporary charge is taken when the Company does not have the ability and intent to hold the security until the forecasted recovery or if it is no longer probable that the Company will recover all amounts due under the contractual terms of the security. Many criteria are considered during this process including but not limited to, the current fair value as compared to the amortized cost of the security, specific credit issues such as collateral, and financial prospects related to the issuer, the Company's intent to hold or dispose of the security, and current economic conditions.

Available-for-sale equity securities which have been in an unrealized loss position of greater than 20% for longer than six months are reviewed specifically using available third party information and the manager's intent to hold the stock. Mutual funds are reviewed analyzing the characteristics of the underlying investments and the long-term outlook for the asset class along with the intent to hold the investment. All other available-for-sale equity securities with significant unrealized losses are also reviewed on the same basis for impairment. Private equity securities which have been in an unrealized loss position of greater than 20% for longer than two years are analyzed on a fund by fund basis using current and forecasted expectations for future fund performance, the age of the fund, general partner commentary and underlying investments within the fund. All other material unrealized losses are reviewed for any unusual event that may trigger an other-than-temporary charge.

Other-than-temporary impairments are recorded to bring the cost of the investment down to the fair market value. Other-than-temporary impairment losses result in a permanent reduction to the cost basis of the underlying investment.

The Company provides valuation allowances for impairments of mortgage loans on a specific identification basis. Mortgage loans are considered to be impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. When the Company determines that a loan is impaired, a provision for loss is established equal to the difference between the carrying value and the present value of expected future cash flows discounted at the loan's effective interest rate, or the fair value of the collateral, if the loan is collateral dependent. Changes in the valuation allowance are recorded in net realized gains and losses on the consolidated statements of operations. No valuation allowances for mortgage loans were necessary as of December 31, 2004 and 2003.

Impairment losses are recorded on investments in real estate and other long-lived assets used in operations when indicators of impairment are present, using undiscounted cash flows if available or independent market appraisals.

Total other-than-temporary write-downs for fixed maturity securities for the years ended December 31, 2004, 2003 and 2002 respectively were $6,684,000, $34,632,000 and $53,299,000, respectively.

Total other-than-temporary write-downs for marketable equity securities for the years ended December 31, 2004, 2003 and 2002 were $1,728,000, $13,157,000 and $5,314,000 respectively. An additional $23,427,000 and $40,300,000 of other than temporary write-downs for marketable equity securities were recorded on securities that were subsequently sold during 2003 and 2002, respectively.

Total other-than-temporary write-downs for private equity investments for the years ended December 31, 2004, 2003 and 2002 were $13,863,000, $57,480,000 and $51,410,000, respectively.

(Continued)

Securities Lending

The Company engages in securities lending whereby certain investments are loaned to other financial institutions for short periods of time. When these loan transactions occur, the lending broker provides cash collateral equivalent to 102% to 105% of the fair value of the loaned securities. This collateral is deposited with a lending agent who invests the collateral on behalf of the Company. The income from these investments is recorded in net investment income and was $1,762,000, $2,378,000, and $1,413,000 for the years ended December 31, 2004, 2003, and 2002, respectively. Securities, consisting of equity securities and fixed maturity securities, were loaned to other financial institutions. Amounts loaned as of December 31, 2004 and 2003 were $1,236,264,000 and $1,429,899,000, respectively. As of December 31, 2004 and 2003, the collateral associated with securities lending was $1,276,761,000 and $1,466,354,000, respectively.

The Company accounts for its securities lending transactions as secured borrowings, in which the collateral received and the related obligation to return the collateral are recorded in the consolidated balance sheets as securities held as collateral and securities lending collateral, respectively.

Although the Company's securities lending program involves certain credit risk, the Company believes that the high quality of the collateral received (primarily commercial paper and money market instruments) and the Company's monitoring policies and procedures mitigate the likelihood of material losses under these arrangements.

Property and Equipment

Property and equipment are carried at cost, net of accumulated depreciation of $179,776,000 and $170,390,000 at December 31, 2004 and 2003, respectively. Buildings are depreciated over 40 years and equipment is generally depreciated over 5 to 10 years. Depreciation expense for the years ended December 31, 2004, 2003, and 2002, was $12,427,000, $11,855,000, and $12,085,000, respectively. Effective January 1, 2002, the

Company adopted Financial Accounting Standards Board (FASB) Statement No. 144 (FAS 144), Accounting for the Impairment or Disposal of Long-Lived Assets, which addresses financial accounting and reporting standards for the impairment and disposal of long-lived assets for fiscal years beginning after December 15, 2001. The Company determined that there were no material impacts to the consolidated statements of operations or financial position due to the adoption and subsequent application of FAS 144.

Goodwill and Other Intangible Assets

In accordance with FASB Statement No. 142 (FAS 142), Goodwill and Other Intangible Assets, the Company does not amortize goodwill. The Company tests goodwill, at the reporting unit level, at least annually and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to: (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. When evaluating whether goodwill is impaired, the Company compares the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. The fair value of the reporting unit is estimated using a combination of the income, or discounted cash flows, approach and the market approach, which utilizes comparable companies' data, when available. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of reporting unit goodwill to its carrying amount. In calculating the implied fair value of reporting unit goodwill, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value.

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Goodwill and Other Intangible Assets (Continued)

The Company also evaluates the recoverability of other intangible assets with an indefinite useful life whenever events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable. Such circumstances could include, but are not limited to: (1) a significant decrease in the market value of an asset, (2) a significant adverse change in the extent or manner in which an asset is used, or (3) an accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset. The Company measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with it. Should the sum of the expected future net cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. The fair value is measured based on quoted market prices, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. Intangible assets with a finite useful life are amortized over their useful lives on a straight-line basis.

Separate Accounts

Separate account assets and liabilities represent segregated funds administered by an unaffiliated asset management firm. These assets and liabilities are invested by both an unaffiliated asset management firm and an affiliate of the Company for the exclusive benefit of the Company's pension, variable annuity and variable life insurance policyholders and contractholders. Assets consist principally of marketable securities and both assets and liabilities are reported at fair value, based upon the fair value of the investments held in the segregated funds. The investment income and gains and losses of these accounts accrue directly to the policyholders and contractholders. The activity of the separate accounts is not reflected in the consolidated statements of operations except for the fees the Company received, which are assessed on a daily or monthly basis and recognized as revenue when assessed and earned.

The Company periodically invests money in its separate accounts. The fair value of such investments, included with separate account assets at December 31, 2003 was $44,945,000. At December 31, 2004, the fair value of these investments was $49,445,000 and included with equity securities as required by Statement of Position 03-1, Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts (SOP 03-1).

Sales Inducements

The Company defers sales inducements and amortizes them over the life of the policy using the same methodology and assumptions used to amortize DAC. The Company's sales inducement credits the policyholder with a higher interest rate than the normal general account interest rate for the first policy year. Changes in deferred sales inducements for the period ended December 31 were as follows:

in thousands	2004
Balance at beginning of year	$ --
Capitalization	261
Amortization	(11)
Balance at end of year	$250

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Reinsurance

Insurance liabilities are reported before the effects of ceded reinsurance. Reinsurance recoverables represent amounts due from reinsurers for paid and unpaid benefits, expense reimbursements, prepaid premiums and future policy benefits. Reinsurance premiums ceded and recoveries on benefits and claims incurred are deducted from the respective income and expense accounts.

Policyholder Liabilities

Policy and contract account balances represent the net accumulation of funds associated with nontraditional life products and deferred annuities. Additions to the account balances include premiums, deposits and interest credited by the Company. Decreases in the account balances include surrenders, withdrawals, benefit payments and charges assessed for the cost of insurance, policy administration and surrenders.

Future policy and contract benefits are comprised of reserves for traditional life, group life and accident and health products. The reserves were calculated using the net level premium method based upon assumptions regarding investment yield, mortality, morbidity and withdrawal rates determined at the date of issue, commensurate with the Company's experience. Provision has been made in certain cases for adverse deviations from these assumptions. Certain traditional life products are accounted for under AICPA Statement of Position 95-1, Accounting for Certain Insurance Activities of Mutual Life Insurance Entities. When estimating the expected gross margins for traditional life products as of December 31, 2004, the Company has assumed an average rate of investment yields ranging from 4.69% to 4.95%.

Future policy and contract benefits are adjusted to reflect the impact of unrealized gains and losses on securities as described in note 17.

Other policyholder funds are comprised of dividend accumulations, premium deposit funds and supplementary contracts without life contingencies.

Participating Business

Dividends on participating policies and other discretionary payments are declared by the Board of Directors based upon actuarial determinations, which take into consideration current mortality, interest earnings, expense factors and federal income taxes. Dividends are recognized as expenses consistent with the recognition of premiums. At December 31, 2004 and 2003, the total participating business in force was $1,310,550,000 and

$1,199,752,000, respectively. As a percentage of total life insurance in force, participating business in force represents .3% at December 31, 2004 and 2003.

Income Taxes

The Company files a consolidated life/non-life federal income tax return with Minnesota Mutual Companies, Inc., the Company's ultimate parent. The method of allocation between companies is subject to written agreement, approved by an officer of the Company. Allocation is based upon separate return calculations with a credit for any currently used net losses and tax credits. Intercompany tax balances are settled annually when the tax return is filed with the Internal Revenue Service (IRS).

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Company provides for federal income taxes based on amounts the Company believes it ultimately will owe. Inherent in the provision for federal income taxes are estimates regarding the deductibility of certain items and the realization of certain tax credits. In the event the ultimate deductibility of certain items or the realization of certain tax credits differs from estimates, the Company may be required to significantly change the provision for federal income taxes recorded in the consolidated financial statements. Any such change could significantly affect the amounts reported in the consolidated statements of operations. Management has used best estimates to establish reserves based on current facts and circumstances regarding tax exposure items where the ultimate deductibility is open to interpretation. Management evaluates the appropriateness of such reserves based on any new developments specific to their fact patterns. Information considered includes results of completed tax examinations, Technical Advice Memorandums and other rulings issued by the IRS or the tax courts.

The Company utilizes the asset and liability method of accounting for income tax. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under this method, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when it is determined that it is more likely than not that the deferred tax asset will not be fully realized. Current income taxes are charged to operations based upon amounts estimated to be payable as a result of taxable operations for the current year.

New Pronouncements

In December 2004, the FASB issued Statement No. 153, (FAS 153), Exchange of Nonmonetary Assets, an amendment of APB Opinion No. 29 (APB 29), which eliminates the exception in APB 29 for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. This guidance is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The Company expects no material impact to its consolidated results of operations or financial position due to the adoption of FAS 153.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law on December 8, 2003. In accordance with FASB Staff Position (FSP) FAS 106-1, Accounting and Disclosure Requirements Related to The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (FSP FAS 106-1), issued in January 2004, the Company elected to defer accounting for the effects of the Act until the FASB issued guidance on how to account for the provisions of the Act. In May 2004, the FASB issued FSP FAS 106-2, Accounting and Disclosure Requirements Related to The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (FSP FAS 106-2), which superseded FSP FAS 106-1 and provided guidance on accounting and disclosures related to the Act.

The Company has concluded that prescription drug benefits available under its postretirement plans to some or all participants for some or all future years are at least actuarially equivalent to Medicare Part D, and thus qualify for the subsidy under the Act. The Company has estimated the expected subsidy that will reduce the Company's share of the cost and has reflected that in its postretirement plan costs and obligations.

The effect of the Act to the Company is a $7,750,000 reduction of the accumulated postretirement benefit obligation as of December 31, 2004 and a $1,151,000 reduction in the net periodic postretirement benefit cost for 2004.

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

New Pronouncements (Continued)

In March 2004, the Emerging Issues Task Force (EITF) reached consensus on further guidance concerning the identification of and accounting for other-than-temporary impairments and disclosures for cost method investments, as required by EITF Issue No. 03-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments (EITF 03-1), which was issued on October 23, 2003. The Company revised its method of calculating the impairment of securities based on this additional guidance. Other-than-temporary impairments reduce the value of the investment to fair value.

On September 8, 2004, the FASB exposed for comment FSP EITF Issue 03-1-a, which was intended to provide guidance related to the application of paragraph 16 of EITF 03-1, and proposed FSP EITF Issue 03-1-b, which proposed a delay in the effective date of EITF 03-1 for debt securities that are impaired because of interest rate and/or sector spread increases. Based on comments received on these proposals, on September 30, 2004 the FASB issued FSP EITF 03-1-1, Effective Date of Paragraphs 10-20 of EITF Issue No. 03-1, which delayed the effectiveness of the related paragraphs in EITF 03-1, with the exception of certain disclosure requirements. The delay had no impact on the Company's consolidated financial position or results of operations.

In June 2004, the FASB issued FSP 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 (FAS 97), Permit or Require Accrual of an Unearned Revenue Liability (FSP FAS 97-1), to clarify the guidance related to unearned revenue reserves (URR). The primary purpose of FSP FAS 97-1 is to address the practice question of whether SOP 03-1 restricts the application of the URR guidance in FAS 97 to situations in which profits are expected to be followed by losses. Although SOP 03-1 requires URR in certain situations where profits are followed by losses, it does not restrict the calculation of URR to only those situations. The adoption of FSP FAS 97-1 had no material impact to the consolidated results of operations or financial position of the Company.

Effective January 1, 2004, the Company adopted SOP 03-1. This statement provides guidance on the classification, valuation and accounting for nontraditional long-duration contract liabilities, the accounting for contracts with guaranteed minimum death benefits (GMDB), the accounting for sales inducements, and separate account presentation and valuation. SOP 03-1 requires companies to evaluate the significance of a GMDB to determine whether a contract should be accounted for as an investment or insurance contract. At adoption, the Company reclassified $44,945,000 of ownership in its own separate accounts from separate account assets to equity securities. The Company also has recorded certain market value adjusted ("MVA") fixed annuity products and investment options on variable annuities as separate account assets and liabilities through December 31, 2003. Notwithstanding the market value adjustment feature, all of the investment performance of the separate account assets is not being passed to the contractholder, and it therefore does not meet the conditions for separate account reporting under the SOP. On January 1, 2004, market value reserves included in separate account liabilities of $37,979,000 were revalued at current account value in the general account to $37,552,000. The related separate account assets of $38,912,000 were also reclassified to the general account. Since adoption of the SOP, the components of the spread on a book value basis are recorded in interest income and interest credited. Realized gains and losses on investments and market value adjustments on contract surrenders are recognized as incurred. The adoption of SOP 03-1 had no material impact to the consolidated results of operations or financial position of the Company.

In December 2003, the FASB issued Statement No. 132, revised 2003, (FAS 132), Employers' Disclosures about Pensions and Other Post Retirement Benefits, which amends disclosure requirements for pension plans and other post retirement benefit plans, effective for nonpublic entities for fiscal years ending after June 15, 2004. The adoption of FAS 132 on January 1, 2004, did not have a material impact on the consolidated results of operations or financial position of the Company.

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Reclassification

Certain 2003 and 2002 financial statement balances have been reclassified to conform to the 2004 presentation.

(3) Investments

Net investment income for the years ended December 31 was as follows:

in thousands	2004	2003	2002
Fixed maturity securities	$367,978	$370,208	$398,491
Equity securities	14,368	17,615	24,620
Mortgage loans	62,182	61,404	58,791
Real estate	29	1,543	1,285
Policy loans	19,843	19,517	19,360
Cash equivalents	2,233	2,216	3,384
Private equity investments	4,909	1,853	3,277
Other invested assets	3,305	5,357	3,019
Gross investment income	474,847	479,713	512,227
Investment expenses	(15,235)	(13,855)	(13,124)
Total	$459,612	$465,858	$499,103

Net realized investment gains (losses) for the years ended December 31 were as follows:

in thousands	2004	2003	2002
Fixed maturity securities	$ 9,712	$(19,499)	$ (26,162)
Equity securities	64,029	25,572	(64,038)
Mortgage loans	(242)	(376)	1,509
Real estate	(33)	4,490	(1)
Private equity investments	11,571	(54,224)	(48,395)
Other invested assets	(11,175)	(4,604)	(10)
Total	$ 73,862	$(48,641)	$(137,097)

Gross realized gains (losses) on the sales and impairments of fixed maturity securities, equity securities and private equity investments for the years ended December 31 were as follows:

in thousands	2004	2003	2002
Fixed maturity securities, available-for-sale:			
Gross realized gains	$ 24,167	$ 21,560	$ 59,802
Gross realized losses	(14,455)	(41,059)	(85,964)
Equity securities:			

Gross realized gains	88,097	93,634	40,973
Gross realized losses	(24,068)	(68,062)	(105,011)
Private equity investments:			
Gross realized gains	26,852	3,823	3,525
Gross realized losses	(15,281)	(58,047)	(51,920)

</TABLE>

(Continued)

(3) Investments (Continued)

Net unrealized gains (losses) included in stockholder's equity at December 31 were as follows:

<TABLE>
<CAPTION>

in thousands	2004	2003
Gross unrealized gains	$ 492,319	$ 514,469
Gross unrealized losses	(50,025)	(54,769)
Adjustment to deferred policy acquisition costs	(63,599)	(112,006)
Adjustment to reserves	(44,280)	(47,221)
Adjustment to unearned policy and contract fees	10,253	17,365
Deferred federal income taxes	(121,647)	(104,171)
Net unrealized gains	$ 223,021	$ 213,667

</TABLE>

The amortized cost and fair value of investments in fixed maturity and marketable equity securities by type of investment were as follows:

<TABLE>
<CAPTION>

in thousands December 31, 2004	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
United States government	$ 20,377	$ 431	$ 72	$ 20,736
Government agencies and authorities	44,517	550	125	44,942
Foreign governments	1,714	76	--	1,790
Corporate securities	3,207,961	197,974	7,162	3,398,773
Asset-backed securities	504,197	25,654	2,448	527,403
Mortgage-backed securities	1,434,572	50,040	5,308	1,479,304
Total fixed maturities	5,213,338	274,725	15,115	5,472,948
Equity securities-unaffiliated	606,225	144,589	3,537	747,277
Total	$5,819,563	$419,314	$18,652	$6,220,225

</TABLE>

<TABLE>
<CAPTION>

in thousands December 31, 2003	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
United States government	$ 54,092	$ --	$ 66	$ 54,026
Government agencies and authorities	5,582	17	5	5,594
Foreign governments	1,467	127	--	1,594
Corporate securities	2,637,690	226,145	9,262	2,854,573
Asset-backed securities	661,465	16,702	5,404	672,763
Mortgage-backed securities	1,287,137	68,816	3,225	1,352,728
Total fixed maturities	4,647,433	311,807	17,962	4,941,278
Equity securities-unaffiliated	580,495	97,537	1,634	676,398
Total	$5,227,928	$409,344	$19,596	$5,617,676

</TABLE>

(Continued)

MINNESOTA LIFE INSURANCE COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(3) Investments (Continued)

The amortized cost and fair value of securities on loan by type of investment were as follows:

<TABLE>
<CAPTION>

in thousands December 31, 2004	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<S>	<C>	<C>	<C>	<C>
United States government	$ 219,852	$10,294	$ 714	$ 229,432
Government agencies and authorities	168,952	4,203	832	172,323
Corporate securities	101,224	3,119	94	104,249
Asset-backed securities	8,170	304	--	8,474
Mortgage-backed securities	629,928	10,381	2,644	637,665
Total fixed maturities	1,128,126	28,301	4,284	1,152,143
Equity securities-unaffiliated	63,396	21,579	854	84,121
Total	$1,191,522	$49,880	$5,138	$1,236,264

</TABLE>

<TABLE>
<CAPTION>

in thousands December 31, 2003	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<S>	<C>	<C>	<C>	<C>
United States government	$ 205,495	$10,883	$ 47	$ 216,331
Government agencies and authorities	219,209	7,393	--	226,602
Corporate securities	323,481	29,123	226	352,378
Asset-backed securities	12,529	669	--	13,198
Mortgage-backed securities	543,519	10,985	1,885	552,619
Total fixed maturities	1,304,233	59,053	2,158	1,361,128
Equity securities-unaffiliated	52,100	16,920	249	68,771
Total	$1,356,333	$75,973	$2,407	$1,429,899

</TABLE>

The amortized cost and estimated fair value of fixed maturity securities at December 31, 2004, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

<TABLE>
<CAPTION>

in thousands	Available-for-Sale Amortized Cost	Available-for-Sale Fair Value	Available-for-Sale Securities on Loan Amortized Cost	Available-for-Sale Securities on Loan Fair Value
<S>	<C>	<C>	<C>	<C>
Due in one year or less	$ 311,134	$ 321,851	$ 45,809	$ 46,109
Due after one year through five years	195,890	209,785	250,228	253,794
Due after five years through ten years	2,343,390	2,446,881	138,459	143,854
Due after ten years	928,352	1,015,127	63,702	70,721
	3,778,766	3,993,644	498,198	514,478
Mortgage-backed securities	1,434,572	1,479,304	629,928	637,665
Total	$5,213,338	$5,472,948	$1,128,126	$1,152,143

</TABLE>

(Continued)

(3) Investments (Continued)

The Company had certain investments with a reported fair value lower than the cost of the investment as follows:

in thousands December 31, 2004	Fair Value	Cost	Unrealized Losses
US government securities			
Less than 12 months	$ 11,526	$ 11,598	$ 72
Greater than 12 months	--	--	--
Government agencies and authorities			
Less than 12 months	25,883	26,008	125
Greater than 12 months	--	--	--
Corporate securities			
Less than 12 months	562,396	569,337	6,941
Greater than 12 months	23,947	24,168	221
Mortgage and asset-backed securities			
Less than 12 months	541,614	549,370	7,756
Greater than 12 months	--	--	--
Equity securities - unaffiliated			
Less than 12 months	41,894	45,431	3,537
Greater than 12 months	--	--	--
Private equity investments			
Less than 12 months	14,732	16,177	1,445
Greater than 12 months	76,048	99,435	23,387

in thousands December 31, 2003	Fair Value	Cost	Unrealized Losses
US government securities			
Less than 12 months	$ 18,579	$ 18,645	$ 66
Greater than 12 months	--	--	--
Government agencies and authorities			
Less than 12 months	8,251	8,256	5
Greater than 12 months	--	--	--
Corporate securities			
Less than 12 months	248,946	252,829	3,883
Greater than 12 months	71,276	76,655	5,379
Mortgage and asset-backed securities			
Less than 12 months	371,769	376,996	5,227
Greater than 12 months	30,697	34,099	3,402
Equity securities - unaffiliated			
Less than 12 months	13,817	14,534	717
Greater than 12 months	15,350	16,267	917
Private equity investments			
Less than 12 months	95,778	124,813	29,035
Greater than 12 months	6,905	9,271	2,366

(Continued)

MINNESOTA LIFE INSURANCE COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(3) Investments (Continued)

The Company had certain investments on loan with a reported fair value lower than the cost of the investment as follows:

in thousands December 31, 2004	Fair Value	Cost	Unrealized Losses
US government securities			
Less than 12 months	$ 85,483	$ 86,197	$ 714
Greater than 12 months	--	--	--
Government agencies and authorities			
Less than 12 months	95,646	96,478	832
Greater than 12 months	--	--	--
Corporate securities			
Less than 12 months	20,363	20,457	94
Greater than 12 months	--	--	--
Mortgage and asset-backed securities			
Less than 12 months	221,959	224,603	2,644
Greater than 12 months	--	--	--
Equity securities - unaffiliated			

Less than 12 months	7,439	8,293	854
Greater than 12 months	--	--	--

in thousands December 31, 2003	Fair Value	Cost	Unrealized Losses
US government securities			
Less than 12 months	$ 1,814	$ 1,861	$ 47
Greater than 12 months	--	--	--
Government agencies and authorities			
Less than 12 months	--	--	--
Greater than 12 months	--	--	--
Corporate securities			
Less than 12 months	24,081	24,307	226
Greater than 12 months	--	--	--
Mortgage and asset-backed securities			
Less than 12 months	173,292	175,177	1,885
Greater than 12 months	--	--	--
Equity securities - unaffiliated			
Less than 12 months	3,460	3,709	249
Greater than 12 months	--	--	--

Unrealized losses on fixed maturity securities are generally interest related rather than credit related. For equity securities, outside research supports target prices for the holdings that will return the securities to original cost or higher. For private equity securities, unrealized losses are generally due to heavy initial expenses and capital calls typical of newly developed funds.

(Continued)

(3) Investments (Continued)

At December 31, 2004, no specific mortgage loans were considered impaired. At December 31, 2003, one mortgage loan was considered impaired. An allowance of $400,000 was recorded in 2003 on the impaired mortgage loan. The loan was sold in 2004, resulting in an additional realized loss of $242,000. As of December 31, 2004 and 2003, there was no general allowance for credit losses for potential impairments in the mortgage loan portfolio. There were no provisions for credit losses or charge-offs in 2004, 2003 or 2002.

Below is a summary of interest income on impaired mortgage loans.

<TABLE>
<CAPTION>

in thousands	2004	2003	2002
<S>	<C>	<C>	<C>
Impaired mortgage loans	$--	$ --	$ 1
Interest income on impaired mortgage loans - contractual	--	442	166
Interest income on impaired mortgage loans - collected	--	--	--

</TABLE>

At December 31, 2004 and 2003, fixed maturity securities and cash equivalents with a carrying value of $9,522,000 and $9,568,000, respectively, were on deposit with various regulatory authorities as required by law.

(4) Variable Interest Entities

In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities - an interpretation of ARB No. 51, subsequently revised in December of 2003 (FIN 46-R). The provisions of FIN 46-R for non-public entities apply immediately to variable interest entities (VIEs) created after December 31, 2003, and to VIEs in which an enterprise obtains an interest after that date. For VIEs created prior to December 31, 2003 the effective date of FIN 46-R is the beginning of the first period beginning after December 15, 2004. FIN 46-R changes the method of determining whether certain entities should be included in the Company's consolidated financial statements. An entity subject to FIN 46-R is called a VIE if it has (1) equity that is insufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, or (2) equity investors that cannot make significant decisions about the entity's operations, or that do not absorb the expected losses or receive the expected returns of the entity. A VIE is consolidated by its primary beneficiary, which is the party involved with the VIE that absorbs a majority of the expected losses, receives a majority of the expected residual returns or both.

The Company has reviewed all investments and relationships for potential VIEs. The Company has identified two VIEs for which it is the primary beneficiary. The Company has invested debt with the holding company of a former related party. Management of the holding company are not under agreement or regulation required to produce consolidated financial statement information. Data available for the Company to consolidate is considered incomplete, particularly in regard to revenue, capital transactions and minority interest information, and immaterial to the financial results of the Company. The Company estimates its maximum remaining exposure in this VIE to be $300,000. The Company estimates the revenue of this VIE to be approximately $1,000,000. The Company additionally holds an investment in a trust for which it is the primary beneficiary and where results are consolidated in the Company's financial results. The assets held under this VIE are approximately $5,000,000. The Company has identified VIE arrangements in which it holds significant variable interests, but is not the primary beneficiary and for which results have not been consolidated as detailed below:

in thousands	Total Assets	Maximum Exposure to Loss
Collateralized debt obligations	$ 12,870	$ 13,000
Non-registered mutual funds	125,436	113,592
Private equity investments	33,625	30,977
Other invested assets	3,141	3,141

(Continued)

(5) Notes Receivable

The Company entered into a loan contingency agreement with the Housing and Redevelopment Authority of the City of St. Paul, Minnesota (HRA) in November 1997 in connection with the Company's construction of an additional home office facility in St. Paul, Minnesota. The interest rate on the note was 8.625%, with principal payments to the Company commencing February 2004 and a maturity date of August 2025. Interest payments to the Company were payable February and August of each year commencing February 2001. All principal and interest payments were due only to the extent of available tax increments. In 2002, the loan reached its maximum principal balance of $15,000,000. In 2003, the Company took a write-down on the loan of $5,200,000, consisting of $4,959,000 of accrued interest and $241,000 of principal. The loan continued to accrue interest on the new balance, with payments applied first to accrued interest and then to principal. As of December 31, 2003, the loan balance was $13,791,000 and the accrued interest was $496,000. For the years ended December 31, 2004 and 2003, the Company received principal payments of $0 and $968,000, respectively, and interest payments of $346,000 and $755,000, respectively. During 2004, the note was refinanced into two new notes: a $17,800,000 note and a $2,976,000 note. An immediate write down at the time of refinancing of $4,808,000 and $428,000, respectively was taken on each of these notes. The two new notes were subsequently transferred from the Company to its parent in the form of a dividend. The loan balance was included in other invested assets, accrued interest was included in accrued investment income, and investment income is included in net investment income.

(6) Net Finance Receivables

Finance receivables as of December 31 were as follows:

in thousands	2004	2003
Direct installment loans	$163,348	$154,155
Retail installment notes	24,971	17,286
Retail revolving credit	51	108
Accrued interest	2,915	2,632
Gross receivables	191,285	174,181
Unearned finance charges	(42,982)	(39,233)
Allowance for uncollectible amounts	(7,878)	(7,232)
Finance receivables, net	$140,425	$127,716

Direct installment loans, at December 31, 2004 and 2003, consisted of $111,100,000 and $103,349,000, respectively, of discount basis loans, net of unearned finance charges, and $13,762,000 and $14,552,000, respectively, of interest-bearing loans and generally have a maximum term of 84 months. The retail installment notes are principally discount basis, arise from borrowers purchasing household appliances, furniture, and sundry services, and generally have a maximum term of 48 months.

(Continued)

(6) Net Finance Receivables (Continued)

Total finance receivables, net of unearned finance charges, by date of final maturity at December 31, 2004 were as follows:

in thousands	
2005	$ 20,726
2006	43,855
2007	66,758
2008	12,167
2009	1,585
2010 and thereafter	3,212
Total finance receivables, net of unearned finance charges	148,303
Allowance for uncollectible amounts	(7,878)
Finance receivables, net	$140,425

During the years ended December 31, 2004 and 2003, principal cash collections of direct installment loans were $57,523,000 and $52,705,000, respectively, and the percentages of these cash collections to average net balances were 49% and 48%, respectively. Retail installment notes' principal cash collections were $28,653,000 and $21,597,000, respectively, and the percentages of these cash collections to average net balances were 164% for both 2004 and 2003.

The ratio for the allowance for losses to net outstanding receivables balances at December 31, 2004 and 2003 was 5.3% and 5.4%, respectively.

Changes in the allowance for losses for the periods ended December 31 were as follows:

in thousands	2004	2003	2002
Balance at beginning of year	$ 7,232	$ 6,627	$ 5,846
Provision for credit losses	8,080	8,014	8,029
Allowance applicable to bulk purchase	--	--	4
Charge-offs	(10,541)	(10,262)	(10,292)
Recoveries	3,107	2,853	3,040
Balance at end of year	$ 7,878	$ 7,232	$ 6,627

At December 31, 2004 and 2003, the recorded investments in certain direct installment loans and direct revolving credit loans were considered to be impaired. The balances of such loans at December 31, 2004 and 2003 and the related allowance for losses was as follows:

in thousands	Installment Loans	Revolving Credit	Total
Balances at December 31, 2004	$303	--	$303
Related allowance for credit losses	$110	--	$110
Balances at December 31, 2003	$374	54	$428
Related allowance for credit losses	$122	54	$176

(Continued)

(6) Net Finance Receivables (Continued)

All loans deemed to be impaired are placed on non-accrual status. No accrued or unpaid interest was recognized on impaired loans during the years ended December 31, 2004, 2003 and 2002. The average quarterly balance of impaired loans during the years ended December 31, 2004 and 2003 was $348,000 and $515,000 for installment basis loans and $13,000 and $54,000 for revolving credit loans, respectively.

There were no commitments to lend additional funds to customers whose loans were classified as impaired at December 31, 2004.

The net investment in loans on which the accrual of finance charges and interest was suspended at December 31, 2004 and 2003 was $15,691,000 and $14,625,000, respectively. There was no investment in receivables past due more than 90 days that were accounted for on an accrual basis at December 31, 2004 and 2003.

(7) Income Taxes

Income tax expense (benefit) varies from the amount computed by applying the federal income tax rate of 35% to income (loss) from operations before taxes. The significant components of this difference were as follows:

in thousands	2004	2003	2002
Computed tax expense (benefit)	$69,693	$20,754	$ (5,852)
Difference between computed and actual tax expense:			
Dividends received deduction	(8,751)	(5,032)	(8,539)
Tax credits	(1,811)	(1,200)	(1,300)
Expense adjustments and other	1,135	331	(4,785)
Total tax expense (benefit)	$60,266	$14,853	$(20,476)

The tax effects of temporary differences that give rise to the Company's net deferred federal tax liability were as follows:

in thousands	2004	2003
Deferred tax assets:		
Policyholder liabilities	$ 4,108	$ 18,565
Pension and post retirement benefits	34,857	35,330
Tax deferred policy acquisition costs	95,386	103,556
Deferred gain on individual disability coinsurance	16,449	17,874
Net realized capital losses	60,163	56,592
Ceding commissions	7,363	8,611
Other	7,598	11,232
Gross deferred tax assets	225,924	251,760
Deferred tax liabilities:		
Deferred policy acquisition costs	198,437	173,739
Premiums	20,003	19,246
Real estate and property and equipment depreciation	9,383	9,056
Basis difference on investments	28,965	21,734
Net unrealized capital gains	155,817	154,633
Other	11,803	12,316
Gross deferred tax liabilities	424,408	390,724
Net deferred tax liability	$198,484	$138,964

(Continued)

(7) Income Taxes (Continued)

A valuation allowance for deferred tax assets was not considered necessary as of December 31, 2004 and 2003 because the Company believes that it is more likely than not that the deferred tax assets will be realized through future reversals of existing taxable temporary differences and future taxable income.

Income taxes paid for the years ended December 31, 2004, 2003, and 2002, were $23,747,000, $3,588,000 and $20,066,000, respectively.

In December 2004, the IRS completed their audit of the Company's federal income tax returns for the years 2001 and 2002. The Company has accrued for the taxes assessed as a result of the audit. The Company's tax returns for 2003 and later are expected to be under examination by the IRS beginning in late 2005. The Company believes that any additional taxes refunded or assessed as a result of this future examination will not have a material effect on its consolidated financial position.

(8) Employee Benefit Plans

Pension Plans and Post Retirement Plans Other than Pensions

The Company has noncontributory defined benefit retirement plans covering substantially all employees and certain agents. Benefits are based upon years of participation and the employee's average monthly compensation or the agent's adjusted annual compensation. The Company expects to contribute at least $7,000,000 to its noncontributory defined benefit retirement plans in 2005 and intends to contribute more if required to meet minimum funding standards. In addition, it may contribute additional tax deductible amounts.

The Company also has an unfunded noncontributory defined benefit retirement plan, which provides certain employees with benefits in excess of limits for qualified retirement plans.

The Company also has postretirement plans that provide certain health care and life insurance benefits to substantially all retired employees and agents. Eligibility is determined by age at retirement and years of service after age 30. Health care premiums are shared with retirees, and other cost-sharing features include deductibles and co-payments. The Company has set up a 401(h) account during 2004 through its noncontributory defined benefit plan to partially fund retiree medical costs for non-key employees. The Company expects to contribute additional tax deductible amounts during 2005.

The measurement date of the majority of the Company's pension and postretirement plans other than pensions is December 1.

The change in the benefit obligation and plan assets for the Company's plans as of December 31 was calculated as follows:

<TABLE>
<CAPTION>

	Pension Benefits		Other Benefits	
in thousands	2004	2003	2004	2003
<S>	<C>	<C>	<C>	<C>
Change in benefit obligation:				
Benefit obligation at beginning of year	$330,876	$275,112	$56,754	$52,719
Service cost	14,674	12,871	2,510	2,589
Interest cost	19,624	18,718	3,155	3,516
Actuarial (gain) loss	(1,248)	30,707	728	(994)
Benefits paid	(7,005)	(6,532)	(1,275)	(1,076)
Benefit obligation at end of year	$356,921	$330,876	$61,872	$56,754

</TABLE>

(Continued)

(8) Employee Benefit Plans (Continued)

Pension Plans and Post Retirement Plans Other than Pensions (Continued)

<TABLE>
<CAPTION>

in thousands	Pension Benefits 2004	Pension Benefits 2003	Other Benefits 2004	Other Benefits 2003
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 192,833	$ 160,852	$ --	$ --
Actual return on plan assets	25,612	24,046	--	--
Employer contribution	25,556	14,467	4,175	1,076
Benefits paid	(7,005)	(6,532)	(1,275)	(1,076)
Fair value of plan assets at end of year	$ 236,996	$ 192,833	$ 2,900	$ --
Net amount recognized:				
Funded status	$(119,924)	$(138,043)	$(58,972)	$(56,755)
Unrecognized net actuarial loss	86,555	101,461	6,979	5,943
Unrecognized transition obligation	1,631	2,167		
Unrecognized prior service cost (benefit)	2,323	2,741	--	(526)
Net amount recognized	$ (29,415)	$ (31,674)	$(51,993)	$(51,338)
Amounts recognized in the consolidated balance sheets consist of:				
Accrued benefit cost	$ (30,711)	$ (35,586)	$(51,993)	$(51,338)
Intangible asset	68	3,892	--	--
Accumulated other comprehensive income	1,228	20	--	--
Net amount recognized	$ (29,415)	$ (31,674)	$(51,993)	$(51,338)
Accumulated benefit obligation	$ 250,129	$ 225,079	$ 61,872	$ 56,755
Plans with accumulated benefit obligation in excess of plan assets:				
Projected benefit obligation	$ 72,497	$ 321,240		
Accumulated benefit obligation	59,880	217,525		
Fair value of plan assets	33,731	185,266		
Minimum pension liability	26,149	32,259		
Increase in minimum liability included in other comprehensive income	1,208	20		
Weighted average assumptions used to determine benefit obligations:				
Discount rate	5.99%	6.25%	6.00%	6.25%
Rate of compensation increase	5.95%	5.95%	--	--

</TABLE>

(Continued)

(8) Employee Benefit Plans (Continued)

Pension Plans and Post Retirement Plans Other than Pensions (Continued)

<TABLE>
<CAPTION>

in thousands	Pension Benefits 2004	Pension Benefits 2003	Other Benefits 2004	Other Benefits 2003
Components of net periodic benefit cost:				
Service cost	$ 14,674	$ 12,871	$ 2,510	$2,589
Interest cost	19,624	18,718	3,155	3,516
Expected return on plan assets	(16,043)	(14,730)	--	--
Transition obligation amortization	536	536	--	--
Prior service cost (benefit) amortization	418	418	(526)	(526)
Recognized net actuarial loss (gain)	4,088	2,283	(308)	101
Net periodic benefit cost	$ 23,297	$ 20,096	$ 4,831	$5,680
Weighted average assumptions used to Determine net periodic benefit costs:				
Discount rate	6.24%	7.00%	6.25%	7.00%
Expected long-term return on plan assets	7.81%	7.79%	--	--
Rate of compensation increase	5.95%	5.97%	--	--

</TABLE>

Estimated future benefit payments for pension and other postretirement benefits:

in thousands	Pension Benefits	Other Benefits	Medicare Subsidy
2005	$ 7,642	$ 1,355	$ --
2006	8,211	1,410	216
2007	8,927	1,606	247
2008	9,556	1,821	280
2009	10,378	2,056	317
2010 - 2014	69,404	14,480	2,179

For measurement purposes, a 9.0% and 10.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2004 and 2003, respectively. The rate was assumed to decrease gradually to 5.5% for 2012 and remain at that level thereafter.

The Company recorded an additional minimum liability of $1,296,000 and $3,912,000 as of December 31, 2004, and 2003, respectively. This liability represents the amount by which the accumulated benefit obligation exceeded the sum of the fair value of plan assets and accrued amounts previously recorded. The additional liability may be offset by an intangible asset to the extent of previously unrecognized prior service cost. The intangible asset of $68,000 and $3,892,000 at December 31, 2004, and 2003, respectively, is included in other assets in the consolidated balance sheets.

The assumptions presented herein are based on pertinent information available to management as of December 31, 2004 and 2003. Actual results could differ from those estimates and assumptions. For example, increasing the assumed health care cost trend rates by one percentage point would increase the postretirement benefit obligation as of December 31, 2004 by $22,084,000 and the estimated eligibility cost and interest cost components of net periodic benefit costs for 2004 by $2,565,000. Decreasing the assumed health care cost trend rates by one percentage point would decrease the postretirement benefit obligation as of December 31, 2004 by $17,259,000 and the estimated eligibility cost and interest cost components of net periodic postretirement benefit costs for 2004 by $1,929,000.

(Continued)

(8) Employee Benefit Plans (Continued)

Pension Plans and Post Retirement Plans Other than Pensions (Continued)

Historical rates of return for individual asset classes and future estimated returns are used to develop expected rates of return. These rates of return are applied to the plan's investment policy to determine a range of expected returns. The expected long-term rate of return on plan assets is selected from this range.

The Company's non-contributory defined benefit plans weighted average asset allocations by asset category at December 31 are as follows:

	2004	2003
Equity securities	61%	57%
Debt securities	26%	28%
Insurance company general account	13%	15%

At times, investments may be made in non-traditional asset classes with the approval of the Company's non-contributory defined benefit plan trustees. Current investments include private equity limited partnerships which are classified as equity investments for asset allocation purposes. A tactical asset allocation overlay investment is also employed which utilizes equity and debt futures positions to adjust overall exposure to these broad asset classes. The futures contracts owned control 10% positions in both equity securities and fixed income securities in one of the non-contributory defined benefit plans, and 9% when weighted across all non-contributory defined benefit plans.

Generally, the investment objective of the non-contributory defined benefit plans is to pursue high returns but to limit the volatility of returns to a level which will keep the liquidation of depressed assets for benefit payments, the increase in contributions and pension expense due to investment losses, and the decline in the funded ratios due to investment losses to levels deemed tolerable.

The target asset allocation as of December 31, 2004, for each of the broad investment categories, weighted for all plans combined is as follows:

Equity securities	43% to 71%
Debt securities	16% to 42%
Insurance company general account	11% to 18%
Other	0% to 2%

The primary investment goals of the postretirement plans are to preserve capital and provide sufficient liquidity to meet the annual expenses incurred by the Company. These plan assets are currently allocated to 100% debt securities, which are primarily high quality short-term fixed income securities. The target asset allocation as of December 31, 2004 is 100% to debt securities.

Profit Sharing Plans

The Company also has profit sharing plans covering substantially all employees and agents. The Company's contribution rate to the employee plan is determined annually by the directors of the Company and is applied to each participant's prior year earnings. The Company's contribution to the agent plan is made as a certain percentage, based upon years of service, applied to each agent's total annual compensation. The Company recognized contributions to the plans during 2004, 2003, and 2002 of $10,811,000, $6,924,000 and $3,899,000, respectively. Participants may elect to receive a portion of their contributions in cash.

(Continued)

(9) Liability for Unpaid Accident and Health Claims, Reserve for Losses, and Claim and Loss Adjustment Expenses

Activity in the liability for unpaid accident and health claims, reserve for losses and claim and loss adjustment expenses is summarized as follows:

in thousands	2004	2003	2002
Balance at January 1	$554,160	$536,604	$518,209
Less: reinsurance recoverable	471,425	449,212	433,323
Net balance at January 1	82,735	87,392	84,886
Incurred related to:			
Current year	55,546	60,927	65,692
Prior years	3,388	(526)	4,839
Total incurred	58,934	60,401	70,531
Paid related to:			
Current year	24,165	24,849	27,436
Prior years	38,523	40,209	40,589
Total paid	62,688	65,058	68,025
Net balance at December 31	78,981	82,735	87,392
Plus: reinsurance recoverable	496,450	471,425	449,212
Balance at December 31	$575,431	$554,160	$536,604

The liability for unpaid accident and health claims, reserve for losses and claim and loss adjustment expenses is included in future policy and contract benefits, pending policy and contract claims, and other liabilities on the consolidated balance sheets.

As a result of changes in estimates of claims incurred in prior years, the accident and health claims, reserve for losses and claim and loss adjustment expenses incurred increased by $3,388,000 in 2004, decreased by $526,000 in 2003, and increased by $4,839,000 in 2002, which includes the amortization of discount on individual accident and health claim reserves of $75,000, $153,000, and $331,000 in 2004, 2003, and 2002, respectively. The remaining changes in amounts are the result of normal reserve development inherent in the uncertainty of establishing the liability for unpaid accident and health claims, reserve for losses and claim and loss adjustment expenses.

(10) Reinsurance

In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding reinsurance to other insurance companies. To the extent that a reinsurer is unable to meet its obligation under the reinsurance agreement, the Company remains liable. The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk to minimize its exposure to significant losses from reinsurer insolvencies. Allowances are established for amounts deemed to be uncollectible.

Reinsurance is accounted for over the lives of the underlying reinsured policies using assumptions consistent with those used to account for the underlying policies.

(Continued)

(10) Reinsurance(Continued)

The effect of reinsurance on premiums for the years ended December 31 was as follows:

in thousands	2004	2003	2002
Direct premiums	$ 924,713	$ 887,189	$807,116
Reinsurance assumed	276,104	225,288	181,473
Reinsurance ceded	(122,231)	(107,200)	(88,515)
Net premiums	$1,078,586	$1,005,277	$900,074

Reinsurance recoveries on ceded reinsurance contracts were $105,589,000, $103,839,000 and $103,979,000 during 2004, 2003, and 2002, respectively.

During September 2003, the Company entered into a written agreement with Pan-American Life Insurance Company whereby 401(k) accounts representing 865 contracts with associated fixed and variable assets of approximately $488,174,000 were transferred to separate accounts and approximately $85,366,000 were transferred to the general account, effective November 17, 2003. The amounts pertaining to reinsurance assumed and coinsurance agreements are $55,236,000 and $518,305,000, respectively.

(11) Certain Nontraditional Long-Duration Contracts and Separate Accounts

The Company issues certain nontraditional long-duration contracts including universal life, variable universal life and deferred annuities that contain either certain guarantees or sales inducements.

The Company issues variable contracts through its separate accounts for which investment income and investment gains and losses accrue directly to, and investment risk is borne by, the contractholder. The Company also issues variable annuity contracts through separate accounts where the Company contractually guarantees to the contractholder either (a) return of no less than total deposits made to the contract adjusted for partial withdrawals, (b) total deposits made to the contract adjusted for partial withdrawals plus a minimum return, (c) the highest contract value on a specified anniversary date adjusted for withdrawals following the contract anniversary, or (d) a minimum payment on a variable immediate annuity. These guarantees include benefits that are payable in the event of death or annuitization. The Company also issues universal life and variable universal life contracts where the Company provides to the contractholder a no-lapse guarantee.

The assets supporting the variable portion of the traditional variable annuities, variable contracts with guarantees, universal life and variable universal life contracts are carried at fair value and reported as summary total separate account assets with an equivalent summary total reported for liabilities. For variable annuity contracts amounts assessed against the contractholders for mortality, administrative, and other services are included in revenue, changes in liabilities for minimum guarantees on deferred annuities are included in policyholder benefits, and changes in liabilities for the minimum guaranteed payments on variable immediate annuities are included in net realized investment losses in the consolidated statements of operations. For universal life contracts the amounts assessed against the contractholders for mortality, administrative, and other services are included in universal life policy fees and changes in liabilities for guaranteed benefits are included in policyholder benefits in the consolidated statements of operations. For both variable annuity and universal life contracts, separate account net investment income, net investment gains and losses, and the related liability changes are offset within the same line item in the consolidated statements of operations. There were no investment gains or losses on transfers of assets from the general account to the separate account during 2004.

(Continued)

(11) Certain Nontraditional Long-Duration Contracts and Separate Accounts (Continued)

The Company's variable annuity contracts with guarantees may offer more than one type of guarantee in each contract; therefore, the amounts listed are not mutually exclusive. For guarantees of amounts in the event of death, the net amount at risk is defined as the current guaranteed minimum death benefit in excess of the current account balance at the balance sheet date. For guarantees of amounts at annuitization, the net amount at risk is defined as the present value of the minimum guaranteed annuity payments available to the contractholder determined in accordance with the terms of the contract in excess of the current account balance. For the guaranteed payout annuity floor, the net amount at risk is defined as the guaranteed benefit in excess of the current benefit payable measured as a monthly amount. For universal life and variable universal life contracts the net amount at risk is defined as the current death benefit in excess of the current balance, excluding reinsurance.

At December 31 and January 1, 2004, the Company had the following variable annuity contracts with guarantees:

in thousands	December 31 2004	January 1 2004
Return of net deposits:		
In the event of death		
Account value	$1,412,580	$1,316,042
Net amount at risk	$ 14,272	$ 27,997
Average attained age of contractholders	52.4	52.7
Return of net deposits plus a minimum return:		
In the event of death		
Account value	$ 62,843	$ 25,971
Net amount at risk	$ 70	$ 23
Average attained age of contractholders	57.7	58.9
At annuitization		
Account value	$ 81,233	$ 3,112
Net amount at risk	--	--
Weighted average period remaining until expected annuitization (in years)	9.7	9.9
Highest specified anniversary account value:		
In the event of death		
Account value	$ 390,485	$ 314,950
Net amount at risk	$ 9,962	$ 17,206
Average attained age of contractholders	52.5	52.5
Guaranteed payout annuity floor:		
Account value	$ 78,809	$ 52,271
Net amount at risk	$ 14	$ 19
Average attained age of contractholders	66	67

(Continued)

(11) Certain Nontraditional Long-Duration Contracts and Separate Accounts (Continued)

At December 31 and January 1, 2004, the Company had the following universal life and variable universal life contracts with guarantees:

in thousands	December 31 2004	January 1 2004
Account value (general and separate accounts)	$ 1,656,229	$ 1,399,563
Net amount at risk	$32,902,249	$31,422,025
Average attained age of policyholders	46	45

Liabilities for guarantees on variable contracts reflected in the general account for 2004 are:

<TABLE>
<CAPTION>

in thousands	Minimum Guaranteed Death Benefit	Guaranteed Payout Annuity Floor	Universal Life and Variable Universal Life
<S>	<C>	<C>	<C>
Balance at beginning of year	$ 87	$7,493	$ --
Incurred guarantee benefits	654	924	2,294
Paid guaranteed benefits	(520)	(225)	(1,427)
Balance at end of year	$ 221	$8,192	$ 867

</TABLE>

The minimum guaranteed death benefit liability is determined each period end by estimating the expected value of death benefits in excess of the projected account balance and recognizing the excess ratably over the accumulation period based on total expected assessments. The guaranteed payout annuity floor benefits are considered to be derivatives under FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, and are recognized at fair value through earnings. The universal life and variable universal life liabilities are determined by estimating the expected value of death benefits in excess of projected account balances and recognizing the excess ratably over the accumulation period based on total expected assessments. For both variable annuity and universal life contracts with guarantees, the Company regularly evaluates estimates used and adjusts the additional liability balance, with a related charge or credit to benefit expense, if actual experience or other evidence suggests that earlier assumptions should be revised.

The following assumptions and methodology were used to determine the minimum guaranteed death benefit liability on variable annuities at December 31, 2004:

- Data compiled from 10,000 stochastically generated investment performance scenarios and ranked by wealth factors. Projections were run using a sampling of these scenarios.
- Mean investment performance was 10.35% and is consistent with DAC projections over a 10 year period.
- Annualized monthly standard deviation was 14.28%.
- Assumed mortality was 100% of the 1983a table.
- Lapse rates varied by contract type and policy duration, ranging form 1% to 25%, with an average of 9%.
- Discount rates varied by contract type and policy duration and were consistent with discount rates used in DAC models.

(Continued)

(11) Certain Nontraditional Long-Duration Contracts and Separate Accounts (Continued)

The following assumptions and methodology, which are consistent with those used for DAC models, were used to determine the universal life and variable universal life liability at December 31, 2004:

- Separate account investment performance assumption was 8%.
- Assumed mortality was 100% of pricing levels.
- Lapse rates varied by policy duration, ranging from 2% to 9%.
- General account discount rate was 5.5%.
- Separate account discount rate was 7.7%.

Account balances for contracts with guarantees were invested in variable separate accounts by mutual fund grouping as follows at December 31 and January 1, 2004:

Variable Annuity Contracts   Universal Life Contracts

in thousands	December 31	January 1	December 31	January 1
Equity	$1,259,616	$1,040,199	$1,089,227	$ 911,641
Bond	209,677	192,712	83,893	74,537
Balanced	238,106	248,114	157,382	147,868
Money market	33,859	42,568	18,374	18,959
Mortgage	137,110	149,231	54,498	49,154
Real estate	66,349	36,410	29,496	15,296
Total	$1,944,717	$1,709,234	$1,432,870	$1,217,455

(12) Unremitted Premiums Payable

The Company acts as an agent of certain insurance underwriters and has a fiduciary responsibility to remit the appropriate percentage of monies collected from each financial institution customer to the corresponding insurance underwriters. The remittance is equal to the premiums collected from the financial institution customer, less any commissions earned by the Company. The Company recognizes a liability equal to the amount of the premiums that have not yet been remitted to the insurance underwriters. At December 31, 2004 and 2003, the liability associated with unremitted premiums payable was $13,008,000 and $0, respectively. As described in note 2, as of December 31, 2004 and 2003, the Company had restricted the use of $13,008,000 and $0, respectively, of its cash and cash equivalents to satisfy these premium remittance payables.

(13) Business Combinations

Effective June 1, 2004, the Company completed the acquisition of Allied, a privately held independent distributor of credit union insurance and financial services products. The Company anticipates this acquisition will strengthen its leadership position in the credit union marketplace through the combination of each entity's respective strengths; manufacturing through Minnesota Life Insurance Company and distribution through Allied. The acquisition was accounted for under the purchase method of accounting as required by FAS 141, Business Combinations (FAS 141), which requires that assets purchased and liabilities assumed be valued at fair value. Goodwill represents the excess of the purchase price over the fair value of the acquired tangible assets, assumed liabilities and identifiable intangible assets.

(Continued)

(13) Business Combinations (Continued)

In accordance with the purchase method of accounting, the purchase price of $21,500,000 was allocated based on an estimate of the fair values of assets acquired and liabilities assumed as of June 1, 2004, as follows:

in thousands	
Cash	$ 8,504
Property and equipment	1,250
Intangible assets	13,592
Other assets	3,388
Other liabilities	(16,012)
Net assets acquired	10,722
Excess of cost over fair value - goodwill	10,778
Allocated purchase price	$ 21,500

Of the $13,592,000 of value assigned to intangible assets, $2,146,000 was assigned to non-compete covenants specified in the purchase agreement to be amortized over a three year period on a straight-line basis. The remaining assignment of intangible asset relates to the purchased customer/client relationships existing at the date of acquisition. The assigned value of $11,446,000 is supported through a discounted cash flow analysis that estimated the value and the useful life of the intangibles. The amortization of this intangible asset is three to ten years based on the estimated useful life of the underlying customer/client relationships on a straight-line basis. Amortization expense for 2004 in the amount of $1,281,000 is included in general operating expenses. Projected amortization expense for the next five years is as follows: 2005,

$2,720,000; 2006, $2,720,000; 2007, $1,998,000; 2008, $1,705,000; 2009, $1,055,000.

In connection with the acquisition of Allied, the Company has agreed to pay additional consideration in future periods, based on either the fulfillment of certain requirements or the attainment of defined operating objectives. In accordance with FAS 141, the Company does not accrue contingent consideration obligations prior to the attainment of the objectives. At December 31, 2004, the maximum potential future consideration pursuant to this agreement, to be resolved over the next three years, is $18,500,000. The Company anticipates that any such payments would result in increases in goodwill.

The Company has also agreed to pay an additional $1,000,000 in the period where a contractual obligation was met by the sellers. Subsequent to December 31, 2004, the sellers have met this requirement and payment was made in January, 2005. The Company anticipates that this payment will result in an increase in goodwill.

(14) Fair Value of Financial Instruments

The estimated fair value of the Company's financial instruments has been determined using available market information as of December 31, 2004 and 2003. Although management is not aware of any factors that would significantly affect the estimated fair value, such amounts have not been comprehensively revalued since those dates. Therefore, estimates of fair value subsequent to the valuation dates may differ significantly from the amounts presented herein. Considerable judgment is required to interpret market data to develop the estimates of fair value. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Please refer to note 2 for additional fair value disclosures concerning fixed maturity securities, equity securities, mortgages, private equity investments and derivatives. Fair values of mortgage loans are based upon discounted cash flows, quoted market prices and matrix pricing. The carrying amounts for policy loans, cash, cash equivalents, and finance receivables approximate the assets' fair values. The fair values of securities lending collateral assets and liabilities are based on quoted market prices.

(Continued)

(14) Fair Value of Financial Instruments (Continued)

The interest rates on the finance receivables outstanding as of December 31, 2004 and 2003, are consistent with the rates at which loans would currently be made to borrowers of similar credit quality and for the same maturity; as such, the carrying value of the finance receivables outstanding as of December 31, 2004 and 2003, approximate the fair value for those respective dates.

The fair values of deferred annuities and other fund deposits, which have guaranteed interest rates and surrender charges are estimated to be the amount payable on demand as of December 31, 2004 and 2003 as those investment contracts have no defined maturity, are similar to a deposit liability and are based on the current interest rate environment relative to the guaranteed interest rates. The amount payable on demand equates to the account balance less applicable surrender charges. Contracts without guaranteed interest rates and surrender charges have fair values equal to their accumulation values plus applicable market value adjustments.

The fair values of supplementary contracts without life contingencies and annuity certain contracts are calculated using discounted cash flows, based on interest rates currently offered for similar products with maturities consistent with those remaining for the contracts being valued.

Rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate the fair value of notes payable.

The carrying amounts and fair values of the Company's financial instruments, which were classified as assets as of December 31, were as follows:

<TABLE>
<CAPTION>

	2004	2003

in thousands	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Fixed maturity securities Available-for-sale	$ 5,472,948	$ 5,472,948	$ 4,941,278	$ 4,941,278
Equity securities	747,277	747,277	676,398	676,398
Mortgage loans, net	810,508	885,371	773,479	868,556
Finance receivables, net	140,425	140,425	127,716	127,716
Policy loans	270,186	270,186	263,508	263,508
Private equity investments	226,631	226,631	222,200	222,200
Fixed maturity securities on loan	1,152,143	1,152,143	1,361,128	1,361,128
Equity securities on loan	84,121	84,121	68,771	68,771
Other invested assets	2,926	2,926	114,809	114,809
Cash and cash equivalents	196,508	196,508	222,529	222,529
Securities held as collateral	1,276,761	1,276,761	1,466,354	1,466,354
Separate account assets	9,563,176	9,563,176	8,854,022	8,854,022
Total financial assets	$19,943,610	$20,018,473	$19,092,192	$19,187,269

</TABLE>

(Continued)

(14) Fair Value of Financial Instruments (Continued)

The carrying amounts and fair values of the Company's financial instruments, which were classified as liabilities as of December 31, were as follows:

<TABLE>
<CAPTION>

in thousands	2004 Carrying Amount	2004 Fair Value	2003 Carrying Amount	2003 Fair Value
Deferred annuities	$ 1,962,025	$ 1,967,527	$ 1,831,790	$ 1,835,924
Annuity certain contracts	59,666	62,712	62,144	65,858
Other fund deposits	1,103,217	1,107,354	1,121,288	1,130,236
Supplementary contracts without life contingencies	43,538	43,538	42,068	42,068
Notes payable	125,000	126,983	125,000	126,935
Securities lending collateral	1,276,761	1,276,761	1,466,354	1,466,354
Separate account liabilities	9,563,176	9,563,176	8,809,077	8,809,077
Total financial liabilities	$14,133,383	$14,148,051	$13,457,721	$13,476,452

</TABLE>

(15) Related Party Transactions

The Company has investment advisory agreements with an affiliate, Advantus Capital Management, Inc. (Advantus). Under these agreements, the Company pays quarterly investment management fees based on total assets managed. Investment management fees paid by the Company were $12,407,000, $11,379,000 and $10,866,000 during 2004, 2003 and 2002, respectively. As of December 31, 2004 and 2003, the amount due to Advantus under these agreements was $3,594,000 and $3,527,000, respectively.

The Company also has an agreement with an affiliate, Securian Financial Services, Inc. (SFS). Under this agreement, SFS is the distributor of the Company's variable annuity and variable life products. Fees paid for performing compliance functions for these variable products by the Company totaled $3,813,000, $3,448,000 and $3,539,000 for the years ended December 31, 2004, 2003 and 2002, respectively.

The Company has agreements with its affiliates for expenses including allocations for occupancy costs, data processing, compensation, advertising and promotion, and other administrative expenses, in which the Company incurs on behalf of its affiliates. At December 31, 2004 and 2003, the amount payable to the Company was $9,310,000 and $9,219,000, respectively. The amount of expenses incurred for the years ended December 31, 2004, 2003, and 2002 were $42,322,000, $48,896,000 and $49,205,000, respectively.

During 2002, the Company sold a group variable universal life policy to Securian Financial Group, Inc. The Company received premiums of $2,000,000 in 2004, 2003 and 2002. No claims were paid during 2004, 2003 and 2002. As of December 31, 2004 and 2003, reserves held under this policy were $9,516,000 and $6,841,000, respectively.

(Continued)

(16) Notes Payable

In September 1995, the Company issued surplus notes with a face value of $125,000,000, at 8.25%, due in 2025. The surplus notes are subordinate to all current and future policyholders interests, including claims, and indebtedness of the Company. All payments of interest and principal on the notes are subject to the approval of the Minnesota Department of Commerce (Department of Commerce). The approved accrued interest was $3,008,000 as of December 31, 2004 and 2003. The issuance costs of $1,421,000 are deferred and amortized over 30 years on straight-line basis. At December 31, 2004 and 2003, the balance of the surplus notes was $125,000,000.

At December 31, 2004, the aggregate minimum annual notes payable maturities for the next five years are as follows: 2005, $0; 2006, $0; 2007, $0; 2008, $0; 2009, $0; thereafter $125,000,000.

Prior to 2004, the Company maintained a line of credit, which was drawn down periodically throughout the year. As of December 31, 2003, the outstanding balance of this line of credit was zero.

Interest paid on debt for the years ended December 31, 2004, 2003 and 2002, was $10,360,000, $11,180,000 and $12,579,000, respectively.

(17) Other Comprehensive Income

Comprehensive income is defined as any change in stockholder's equity originating from non-owner transactions. The Company has identified those changes as being comprised of net income, unrealized appreciation (depreciation) on securities and related adjustments.

The components of comprehensive income (loss), other than net income are illustrated below:

<TABLE>
<CAPTION>

in thousands	2004	2003	2002
Other comprehensive income (loss), before tax:			
Unrealized gains (loss) on securities	$ 67,906	$154,508	$(74,150)
Reclassification adjustment for (gains) losses included in net income	(85,312)	48,151	138,595
Adjustment to unearned policy and contract fees	(7,112)	(2,142)	13,074
Adjustment to reserves	2,941	7,069	(54,290)
Adjustment to deferred policy acquisition costs	48,407	23,362	(93,375)
	26,830	230,948	(70,146)
Income tax expense (benefit) related to items of other comprehensive income	(17,476)	(75,672)	25,248
Other comprehensive income (loss), net of tax	$ 9,354	$155,276	$(44,898)

</TABLE>

(18) Stock Dividends and Capital Contributions

During 2004, the Company declared and paid a dividend to Securian Financial Group, Inc. in the amount of $15,539,000. This dividend was in the form of tax increment financing note agreements with the City of St. Paul. During 2003, the Company declared and paid dividends to Securian Financial Group, Inc. totaling $22,000,000. These dividends were in the form of cash. Additionally, the Company declared and paid a dividend representing the affiliated stock of Securian Life Insurance Company in the amount of $14,033,000. During 2002, the Company declared and paid dividends to Securian Financial Group, Inc. totaling $29,500,000. These dividends were in the form of cash. Additionally, the Company declared and accrued a dividend representing the affiliated stock of Securian Casualty Company. The amount of the transfer, on January 2, 2003, of Securian Casualty Company was $8,398,000.

(18) Stock Dividends and Capital Contributions (Continued)

Dividend payments by Minnesota Life Insurance Company to its parent cannot exceed the greater of 10% of statutory capital and surplus or the statutory net gain from operations as of the preceding year-end, as well as the timing and amount of dividends paid in the preceding 12 months, without prior approval from the Department of Commerce. Based on these limitations and 2004 statutory results, the maximum amount available for the payment of dividends during 2005 by Minnesota Life Insurance Company without prior regulatory approval is $141,945,000 after January 1, 2005.

During 2004, Securian Financial Group, Inc. contributed capital to the Company in the amount of $55,000,000. This contribution was made in the form of cash and cash equivalents. Additionally, during 2004, Securian Financial Group, Inc. contributed capital to the Company in the amount of $3,164,000. This contribution was made in the form of real estate.

(19) Commitments and Contingencies

The Company is involved in various pending or threatened legal proceedings arising out of the normal course of business. In the opinion of management, the ultimate resolution of such litigation will not have a material adverse effect on consolidated operations or the financial position of the Company.

In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding reinsurance to other insurance companies. To the extent that a reinsurer is unable to meet its obligations under the reinsurance agreement, the Company remains liable. The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk to minimize its exposure to significant losses from reinsurer insolvencies. Allowances are established for amounts deemed uncollectible.

The Company holds "To-Be-Announced" (TBA) Government National Mortgage Association forward contracts that require the Company to take delivery of a mortgage-backed security at a settlement date in the future. Most of these TBAs are settled at the first available period allowed under the contract. However, the deliveries of some of the Company's TBA securities happen at a later date, thus extending the forward contract date. These securities are reported at fair value as other invested assets. As of December 31, 2004 and 2003, these securities were reported at $2,926,000 and $110,894,000, respectively.

The Company has long-term commitments to fund private equity investments and real estate investments totaling $140,685,000 as of December 31, 2004. The Company estimates that $46,000,000 of these commitments will be invested in 2005, with the remaining $94,685,000 invested over the next four years.

As of December 31, 2004, the Company had committed to purchase mortgage loans totaling $45,950,000 and fixed maturity corporate securities totaling $31,187,000 but had not completed the purchase transactions.

The Company has a long-term lease agreement with an affiliated company, Capitol City Property Management, Inc, for rental space in downtown St. Paul. Minimum gross rental commitments under the lease are as follows: 2005, $11,267,000; 2006, $11,267,000; 2007, $11,267,000; 2008, $11,267,000; 2009, $11,267,000. The Company sub-leases space in downtown St. Paul. Commitments to the Company from these agreements are as follows: 2005, $802,000; 2006, $718,000; 2007, $734,000; 2008, $704,000; 2009, $707,000. Lease expense net of sub-lease income for the years ended December 31, 2004, 2003 and 2002 was $8,561,000, $8,705,000 and $8,740,000, respectively. The Company also has long-term lease agreements with unaffiliated companies. Minimum gross rental commitments under these leases are as follows: 2005, $2,854,000; 2006, $2,409,000; 2007, $1,474,000; 2008, $886,000; 2009, $735,000.

(19) Commitments and Contingencies (Continued)

At December 31, 2004, the Company had guaranteed the payment of $73,600,000 in policyholder dividends and discretionary amounts payable in 2005. The Company has pledged fixed maturity securities, valued at $87,178,000 to secure this guarantee. Pursuant to the Escrow Trust Account Agreement dated December 13, 1991 between Minnesota Life Insurance Company and Wells Fargo Bank, N.A., the Company pays irrevocable dividends to certain policyholders of the Company. Policyholders may choose the form in which the irrevocable dividend is applied, which include the cash payment of the dividend to the policyholder, using the dividend to purchase additional coverage or to increase the cash value of the policy. The policyholders covered by the Escrow Trust Agreement primarily includes owners of certain individual life insurance policies issued by the Company, but does not include all of the dividend-paying insurance policies issued by the Company.

The Company has a 100% coinsurance agreement for its Individual Disability line. Under the terms of this agreement, assets supporting the reserves transferred to the reinsurer are held under a trust agreement for the benefit of the Company in the event that the reinsurer is unable to perform its obligations. At December 31, 2004 and 2003 the assets held in trust were $608,550,000 and $566,495,000, respectively.

The Company in conjunction with Securian Holding Company, the parent company of Securian Financial Group, has guaranteed the payment of benefits under certain of its affiliates' non-qualified pension plans in the event that the affiliate is unable to make such payment. This guarantee is unfunded, unsecured and revocable by the parties to the agreement and under certain other conditions. Management does not consider an accrual necessary relating to these guarantees.

The Company is contingently liable under state regulatory requirements for possible assessments pertaining to future insolvencies and impairments of unaffiliated insurance companies. The Company records a liability for future guaranty fund assessments based upon known insolvencies, according to data received from the National Organization of Life and Health Insurance Guaranty Association. At December 31, 2004 and 2003 the amount was immaterial to the consolidated financial statements. An asset is recorded for the amount of guaranty fund assessments paid, which can be recovered through future premium tax credits. This asset was $1,634,000 and $1,913,000 as of December 31, 2004 and 2003, respectively. These assets are being amortized over a five-year period.

Occasionally, the Company will enter into arrangements where by certain lease obligations related to general agents' office space are guaranteed. Management does not consider an accrual necessary relating to these guarantees.

In connection with the dissolution of MIMLIC Life Insurance Company, the Company has agreed to guarantee all obligations and liabilities of MIMLIC Life Insurance Company that arise in the normal course of business. Management does not consider an accrual necessary relating to this guarantee.

(Continued)

(20) Statutory Financial Data

The significant differences that exist between statutory and GAAP accounting, and their effects are illustrated below:

<TABLE>
<CAPTION>

in thousands	Year ended December 31 2004	2003
<S>	<C>	<C>
Statutory capital and surplus	$1,419,449	$1,168,753
Adjustments:		
Deferred policy acquisition costs	719,598	636,179
Net unrealized investment gains	282,168	351,806
Adjustment to reserves	(44,174)	(47,221)
Statutory asset valuation reserve	213,750	205,298

Statutory interest maintenance reserve	15,323	14,181
Premiums and fees deferred or receivable	(37,583)	(35,687)
Change in reserve basis	134,848	124,117
Deferred reinsurance gain	(46,996)	(51,070)
Separate accounts	(35,300)	(30,847)
Unearned policy and contract fees	(155,226)	(138,449)
Surplus notes	(125,000)	(125,000)
Net deferred income taxes	(334,823)	(338,228)
Pension benefit liabilities	(39,597)	(30,907)
Non-admitted assets	180,460	250,105
Policyholder dividends	56,582	62,497
Other	4,309	1,425
Stockholder's equity as reported in the accompanying consolidated financial statements	$2,207,788	$2,016,952

</TABLE>

The significant differences that exist between statutory and GAAP accounting, and their effects are illustrated below:

<TABLE>
<CAPTION>

	As of December 31		
in thousands	2004	2003	2002
<S>	<C>	<C>	<C>
Statutory net income (loss)	$155,796	$ 11,638	$ (9,814)
Adjustments:			
Deferred policy acquisition costs	35,050	42,482	(19,156)
Statutory interest maintenance reserve	1,373	1,450	5,470
Premiums and fees deferred or receivable	(1,906)	13,817	1,611
Change in reserve basis	10,962	(746)	(2,797)
Separate accounts	(4,454)	(2,162)	10,913
Deferred reinsurance gain	(1,713)	(3,409)	(12,847)
Unearned policy and contract fees	(9,665)	(7,617)	1,600
Realized gains (losses)	3,431	(5,642)	(10,012)
Net deferred income taxes	(42,821)	4,268	23,524
Policyholder dividends	(5,915)	(2,162)	(1,168)
Pension benefits	(498)	(682)	7,472
Other	(783)	(6,790)	8,960
Net income as reported in the accompanying consolidated financial statements	$138,857	$ 44,445	$ 3,756

</TABLE>

(Continued)

MINNESOTA LIFE INSURANCE COMPANY AND SUBSIDIARIES
Schedule I - Summary of Investments - Other than Investments in Related Parties December 31, 2004
(In thousands)

<TABLE>
<CAPTION>

Type of investment	Cost (3)	Market Value	As shown on the consolidated balance sheet (1)
<S>	<C>	<C>	<C>
Fixed maturity securities			
United States government	$ 20,377	$ 20,736	$ 20,736
Government agencies and authorities	44,517	44,942	44,942
Foreign governments	1,714	1,790	1,790
Public utilities	441,420	472,789	472,789
Asset-backed securities	494,235	517,067	517,067
Mortgage-backed securities	1,434,572	1,479,304	1,479,304
All other corporate fixed maturity securities	2,776,503	2,936,320	2,936,320
Total fixed maturity securities	5,213,338	5,472,948	5,472,948
Equity securities:			
Common stocks:			
Public utilities	6,841	7,520	7,520
Banks, trusts and insurance companies	129,863	163,587	163,587

Industrial, miscellaneous and all other	466,071	572,747	572,747
Nonredeemable preferred stocks	3,450	3,423	3,423
Total equity securities	606,225	747,277	747,277
Mortgage loans on real estate	810,508	xxxxxx	810,508
Real estate (2)	1,771	xxxxxx	1,771
Policy loans	270,186	xxxxxx	270,186
Other investments	163,731	xxxxxx	163,731
Private equity investments	228,338	xxxxxx	226,631
Fixed maturity securities on loan	1,128,126	xxxxxx	1,152,143
Equity securities on loan	63,396	xxxxxx	84,121
Total	2,666,056	--	2,709,091
Total investments	$8,485,619	$6,220,225	$8,929,316

</TABLE>

(1) Fair value for common stocks and fixed maturity securities classified as available-for-sale.
(2) The carrying value of real estate acquired in satisfaction of indebtedness is $ -0-.
(3) Original cost reduced by impairment write-downs for equity securities and original cost reduced by repayments and impairment write-downs and adjusted for amortization of premiums and accrual of discounts for fixed maturity securities and other investments.

See accompanying report of independent registered public accounting firm.

MINNESOTA LIFE INSURANCE COMPANY AND SUBSIDIARIES
Schedule III - Supplementary Insurance Information
(In thousands)

<TABLE>
<CAPTION>

	As of December 31,			
Segment	Deferred policy acquisition costs	Future policy benefits losses, claims and settlement expenses (1)	Unearned premiums (2)	Other policy claims and benefits payable
<S>	<C>	<C>	<C>	<C>
2004:				
Life insurance	$526,326	$2,758,334	$180,596	$148,057
Accident and health insurance	66,502	695,620	31,443	21,315
Annuity	128,227	3,490,442	18	327
	$721,055	$6,944,396	$212,057	$169,699
2003:				
Life insurance	$464,087	$2,690,654	$168,868	$140,799
Accident and health insurance	70,299	663,495	30,871	19,775
Annuity	102,089	3,386,782	28	113
	$636,475	$6,740,931	$199,767	$160,687
2002:				
Life insurance	$421,265	$2,605,553	$156,832	$111,576
Accident and health insurance	78,588	638,288	34,418	19,349
Annuity	70,885	3,155,822	27	196
Property and liability insurance	--	25	--	--
	$570,738	$6,399,688	$191,277	$131,121

<CAPTION>

For the years ended December 31,

Benefits, | Amortization of deferred

Segment	Premium revenue (3)	Net investment income	claims, losses and settlement expenses (5)	policy acquisition costs	Other operating expenses	Premiums written (4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2004:						
Life insurance	$1,204,119	$238,332	$1,061,659	$134,768	$408,460	$--
Accident and health insurance	132,964	11,524	60,323	12,896	76,843	--
Annuity	123,551	209,756	201,727	22,224	121,702	--
	$1,460,634	$459,612	$1,323,709	$169,888	$607,005	$--
2003:						
Life insurance	$1,122,503	$240,777	$1,024,443	$127,528	$341,177	$--
Accident and health insurance	131,057	10,711	57,919	19,214	79,737	--
Annuity	103,386	214,370	198,077	19,396	108,962	--
	$1,356,946	$465,858	$1,280,439	$166,138	$529,876	$--
2002:						
Life insurance	$1,012,901	$260,686	$ 883,852	$147,235	$336,387	$--
Accident and health insurance	131,835	12,494	60,459	20,511	88,290	--
Annuity	111,228	225,704	213,817	20,916	88,540	--
Property and liability insurance	--	219	(18)	--	40	--
	$1,255,964	$499,103	$1,158,110	$188,662	$513,257	$--

</TABLE>

(1) Includes policy and contract account balances
(2) Includes unearned policy and contract fees
(3) Includes policy and contract fees
(4) Applies only to property and liability insurance
(5) Includes policyholder dividends

See accompanying report of independent registered public accounting firm.

MINNESOTA LIFE INSURANCE COMPANY AND SUBSIDIARIES
Schedule IV - Reinsurance
Years ended December 31, 2004, 2003 and 2002
(In thousands)

<TABLE>
<CAPTION>

	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount assumed to net
<S>	<C>	<C>	<C>	<C>	<C>
2004: Life insurance in force	$329,081,364	$47,795,013	$104,062,955	$385,349,306	27.0%
Premiums:					
Life insurance	$ 685,032	$ 52,212	$ 275,004	$ 907,824	30.3%
Accident and health insurance	202,435	70,019	548	132,964	0.4%
Annuity	37,246	--	552	37,798	1.5%
Total premiums	$ 924,713	$ 122,231	$ 276,104	$ 1,078,586	25.6%
2003: Life insurance in force	$302,107,783	$38,521,130	$ 90,958,405	$354,545,058	25.7%
Premiums:					
Life insurance	$ 650,603	$ 37,988	$ 223,765	$ 836,380	26.8%
Accident and health insurance	204,829	69,212	1,469	137,086	1.1%
Annuity	31,757	--	54	31,811	--
Total premiums	$ 887,189	$ 107,200	$ 225,288	$ 1,005,277	22.4%
2002: Life insurance in force	$266,335,791	$35,836,486	$ 76,101,905	$306,601,210	24.8%
Premiums:					
Life insurance	$ 566,342	$ 13,677	$ 180,539	$ 733,204	24.6%
Accident and health insurance	200,610	74,838	934	126,706	0.7%

Annuity	40,164	--	--	40,164	--
Total premiums	$ 807,116	$ 88,515	$ 181,473	$ 900,074	20.2%

</TABLE>

See accompanying report of independent registered public accounting firm.