MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
Form 485BPOS
May 19, 2004

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 19, 2004.

REGISTRATION NOS. 333-73544 AND 811-10585

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-4
REGISTRATION STATEMENT UNDER THE
SECURITIES ACT OF 1933

POST-EFFECTIVE AMENDMENT NO. 3 [X]

AND

REGISTRATION STATEMENT UNDER THE
INVESTMENT COMPANY ACT OF 1940

AMENDMENT NO. 4 [X]

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
(EXACT NAME OF REGISTRANT)

MERRILL LYNCH LIFE INSURANCE COMPANY
(NAME OF DEPOSITOR)

1300 MERRILL LYNCH DRIVE, 2ND FLOOR
PENNINGTON, NEW JERSEY 08534
(ADDRESS OF DEPOSITOR'S PRINCIPAL EXECUTIVE OFFICES)

DEPOSITOR'S TELEPHONE NUMBER, INCLUDING AREA CODE:
(609) 274-6900

NAME AND ADDRESS OF AGENT FOR SERVICE:	COPY TO:
BARRY G. SKOLNICK, ESQ.	STEPHEN E. ROTH, ESQ.
SENIOR VICE PRESIDENT AND GENERAL COUNSEL	MARY E. THORNTON, ESQ.
MERRILL LYNCH LIFE INSURANCE COMPANY	SUTHERLAND ASBILL & BRENNAN LLP
1300 MERRILL LYNCH DRIVE, 2ND FLOOR	1275 PENNSYLVANIA AVENUE, N.W.
PENNINGTON, NEW JERSEY 08534	WASHINGTON, D.C. 20004-2415

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

[X] immediately upon filing pursuant to paragraph (b) of Rule 485

[ ] on ___________ pursuant to paragraph (b) of Rule 485
(date)

[ ] 60 days after filing pursuant to paragraph (a)(1) of Rule 485

[ ] on ___________ pursuant to paragraph (a)(1) of Rule 485
(date)

If appropriate, check the following box:

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

TITLE OF SECURITIES BEING REGISTERED:
Units of interest in a separate account under flexible premium individual deferred variable annuity contracts.

EXHIBIT INDEX CAN BE FOUND ON PAGE C-11

This registration statement incorporates by reference the prospectus dated May 1, 2004 for the Contracts, as filed in Post-Effective Amendment No. 2 to the Registration Statement on Form N-4 (File No. 333-73544) filed on April 26, 2004.

STATEMENT OF ADDITIONAL INFORMATION

MAY 1, 2004, AS REVISED ON MAY 19, 2004

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C

FLEXIBLE PREMIUM INDIVIDUAL DEFERRED VARIABLE ANNUITY CONTRACT

ISSUED BY

MERRILL LYNCH LIFE INSURANCE COMPANY

HOME OFFICE: LITTLE ROCK, ARKANSAS 72201
SERVICE CENTER: P.O. BOX 44222
JACKSONVILLE, FLORIDA 32231-4222
4804 DEER LAKE DRIVE EAST
JACKSONVILLE, FLORIDA 32246
PHONE: (800) 535-5549

OFFERED THROUGH

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

This individual deferred variable annuity contract (the "Contract") is designed to provide comprehensive and flexible ways to invest and to create a source of income protection for later in life through the payment of annuity benefits. An annuity is intended to be a long term investment. Contract owners should consider their need for deferred income before purchasing the Contract. The Contract is issued by Merrill Lynch Life Insurance Company ("Merrill Lynch Life") both on a nonqualified basis, and as an Individual Retirement Annuity ("IRA") that is given qualified tax status. The Contract may also be purchased through an established IRA or Roth IRA custodial account with Merrill Lynch, Pierce, Fenner & Smith Incorporated. Transfer amounts from tax sheltered annuity plans that are not subject to the Employee Retirement Income Security Act of 1974, as amended, will be accepted as premium payments, as permitted by law. Other premium payments will not be accepted under a Contract used as a tax sheltered annuity.

This Statement of Additional Information is not a Prospectus and should be read together with the Contract's Prospectus dated May 1, 2004, which is available on request and without charge by writing to or calling Merrill Lynch Life at the Service Center address or phone number set forth above.

TABLE OF CONTENTS

2

OTHER INFORMATION

SELLING THE CONTRACT

The Contracts are offered to the public on a continuous basis. We anticipate continuing to offer the Contracts, but reserve the right to discontinue the offering.

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S" or "Distributor") serves as principal underwriter for the Contracts. Distributor is a Delaware corporation and its home office is located at 4 World Financial Center, New York, New York 10080. Distributor is an indirect, wholly owned subsidiary of Merrill Lynch & Co., Inc. Distributor is registered as a broker-dealer with the

Securities and Exchange Commission under the Securities Exchange Act of 1934, as well as with the securities commissions in the states in which it operates, and is a member of NASD, Inc. Distributor offers the Contracts through its Financial Advisors. Financial Advisors are appointed as our insurance agents through the various Merrill Lynch Life Agencies.

For the years ended December 31, 2003 and 2002, Distributor received $339,778 and $654,111, respectively, in connection with the sale of the Contracts. Distributor did not receive any payments or commissions in connection with the sale of the Contracts in prior years. Distributor retains a portion of commissions it receives in return for its services as distributor for the Contracts.

FINANCIAL STATEMENTS

The financial statements of Merrill Lynch Life included in this Statement of Additional Information should be distinguished from the financial statements of the Account and should be considered only as bearing upon the ability of Merrill Lynch Life to meet any obligations it may have under the Contract.

ADMINISTRATIVE SERVICES ARRANGEMENTS

Merrill Lynch Life has entered into a Service Agreement with its parent, Merrill Lynch Insurance Group, Inc. ("MLIG") pursuant to which Merrill Lynch Life can arrange for MLIG to provide directly or through affiliates certain services. Pursuant to this agreement, Merrill Lynch Life has arranged for MLIG to provide administrative services for the Account and the Contracts, and MLIG, in turn, has arranged for a subsidiary, Merrill Lynch Insurance Group Services, Inc. ("MLIG Services"), to provide these services. Compensation for these services, which will be paid by Merrill Lynch Life, will be based on the charges and expenses incurred by MLIG Services, and will reflect MLIG Services' actual costs. For the years ended December 31, 2003 and 2002, Merrill Lynch Life paid administrative services fees of $33.4 million and $33.8 million, respectively. Merrill Lynch Life did not pay any administrative services fees in connection with the Account or the Contracts in prior years.

CALCULATION OF YIELDS AND TOTAL RETURNS

MONEY MARKET YIELD

From time to time, Merrill Lynch Life may quote in advertisements and sales literature the current annualized yield for the ML Domestic Money Market V.I. Subaccount for a 7-day period in a manner that does not take into consideration any realized or unrealized gains or losses on shares of the underlying Funds or on their

3

respective portfolio securities. The current annualized yield is computed by: (a) determining the net change (exclusive of realized gains and losses on the sales of securities and unrealized appreciation and depreciation) at the end of the 7-day period in the value of a hypothetical account under a Contract having a balance of 1 unit at the beginning of the period, (b) dividing such net change in account value by the value of the account at the beginning of the period to determine the base period return; and (c) annualizing this quotient on a 365-day basis. The net change in account value reflects: (1) net income from the Fund attributable to the hypothetical account; and (2) charges and deductions imposed under the Contract which are attributable to the hypothetical account. The charges and deductions include the per unit charges for the hypothetical account for: (1) the asset-based insurance charge; and (2) the annual contract fee. For purposes of calculating current yield for a Contract, an average per unit contract fee is used. Based on our current estimates of average contract size and withdrawals, we have assumed the average per unit contract fee to be 0.00%. Current yield will be calculated according to the following formula:

$$\text{Current Yield} = ((NCF - ES)/UV) \times (365/7)$$

Where:

NCF = the net change in the value of the Fund (exclusive of realized gains and losses on the sale of securities and unrealized appreciation and depreciation) for the 7-day period attributable to a hypothetical account having a balance of 1 unit.

ES = per unit expenses for the hypothetical account for the 7-day period.

UV = the unit value on the first day of the 7-day period.

Merrill Lynch Life also may quote the effective yield of the ML Domestic Money Market V.I. Subaccount for the same 7-day period, determined on a compounded basis. The effective yield is calculated by compounding the unannualized base period return according to the following formula:

$$\text{Effective Yield} = (1 + ((NCF - ES)/UV))(365/7) - 1$$

Where:

NCF = the net change in the value of the Fund (exclusive of realized gains and losses on the sale of securities and unrealized appreciation and depreciation) for the 7-day period attributable to a hypothetical account having a balance of 1 unit.

ES = per unit expenses of the hypothetical account for the 7-day period.

UV = the unit value for the first day of the 7-day period.

Because of the charges and deductions imposed under the Contract, the yield for the ML Domestic Money Market V.I. Subaccount will be lower than the yield for the corresponding underlying Fund.

The yields on amounts held in the ML Domestic Money Market V.I. Subaccount normally will fluctuate on a daily basis. Therefore, the disclosed yield for any given past period is not an indication or representation of future yields or rates of return. The actual yield for the subaccount is affected by changes in interest rates on money market securities, average portfolio maturity of the underlying Fund, the types and qualities of portfolio securities held by the Fund and the Fund's operating expenses. Yields on amounts held in the ML Domestic Money Market V.I. Subaccount may also be presented for periods other than a 7-day period.

OTHER SUBACCOUNT YIELDS

From time to time, Merrill Lynch Life may quote in sales literature or advertisements the current annualized yield of one or more of the subaccounts (other than the ML Domestic Money Market V.I. Subaccount) for a Contract for a 30-day or one-month period. The annualized yield of a subaccount refers to income generated by the subaccount over a specified 30-day or one-month period. Because the yield is annualized, the yield

4

generated by the subaccount during the 30-day or one-month period is assumed to be generated each period over a 12-month period. The yield is computed by: (1) dividing the net investment income of the Fund attributable to the subaccount units less subaccount expenses for the period; by (2) the maximum offering price per unit on the last day of the period times the daily average number of units outstanding for the period; then (3) compounding that yield for a 6-month period; and then (4) multiplying that result by 2. Expenses attributable to the subaccount include the asset-based insurance charge and the annual contract fee. For purposes of calculating the 30-day or one-month yield, an average contract fee per dollar of contract value in the subaccount is used to determine the amount of the charge attributable to the subaccount for the 30-day or one-month period. Based on our current estimates of average contract size and withdrawals, we have assumed the average contract fee to be 0.00%. The 30-day or one-month yield is calculated according to the following formula:

$$\text{Yield} = 2 \times (((NI - ES)/(U \times UV)) + 1)(6) - 1)$$

Where:

NI = net investment income of the Fund for the 30-day or one-month period attributable to the subaccount's units.

ES = expenses of the subaccount for the 30-day or one-month period.

U = the average number of units outstanding.

UV = the unit value at the close of the last day in the 30-day or one-month

Currently, Merrill Lynch Life may quote yields on bond subaccounts. Because of the charges and deductions imposed under the Contracts, the yield for a subaccount will be lower than the yield for the corresponding Fund.

The yield on the amounts held in the subaccounts normally will fluctuate over time. Therefore, the disclosed yield for any given past period is not an indication or representation of future yields or rates of return. A subaccount's actual yield is affected by the types and quality of portfolio securities held by the corresponding Fund, and its operating expenses.

TOTAL RETURNS

From time to time, Merrill Lynch Life also may quote in sales literature or advertisements, total returns, including average annual total returns for one or more of the subaccounts for various periods of time. Average annual total returns will be provided for a subaccount for 1, 5 and 10 years, or for a shorter period, if applicable.

Total returns assume the Contract was surrendered at the end of the period shown, and are not indicative of performance if the Contract was continued for a longer period. The Contract does not impose any surrender charge.

Average annual total returns for other periods of time may also be disclosed from time to time. For example, average annual total returns may be provided based on the assumption that a subaccount had been in existence and had invested in the corresponding underlying Fund for the same period as the corresponding Fund had been in operation. The Funds and the subaccounts corresponding to the Funds commenced operations as indicated below:

FUND	FUND INCEPTION DATE	SUBACCOUNT INCEPTION DATE
Roszel/Lord Abbett Large Cap Value Portfolio	July 1, 2002	July 1, 2002
Roszel/Levin Large Cap Value Portfolio	July 1, 2002	July 1, 2002
Roszel/MLIM Relative Value Portfolio	July 1, 2002	July 1, 2002

5

FUND	FUND INCEPTION DATE	SUBACCOUNT INCEPTION DATE
Roszel/Sound Large Cap Core Portfolio	July 1, 2002	July 1, 2002
Roszel/INVESCO-NAM Large Cap Core Portfolio	July 1, 2002	July 1, 2002
Roszel/Nicholas-Applegate Large Cap Growth Portfolio	July 1, 2002	July 1, 2002
Roszel/Rittenhouse Large Cap Growth Portfolio	July 1, 2002	July 1, 2002
Roszel/Seneca Large Cap Growth Portfolio	July 1, 2002	July 1, 2002
Roszel/Valenzuela Mid Cap Value Portfolio	July 1, 2002	July 1, 2002
Roszel/Seneca Mid Cap Growth Portfolio	July 1, 2002	July 1, 2002
Roszel/NWQ Small Cap Value Portfolio	July 1, 2002	July 1, 2002
Roszel/Delaware Small-Mid Cap Growth Portfolio*	July 1, 2002	July 1, 2002
Roszel/Lazard International Portfolio	July 1, 2002	July 1, 2002
Roszel/Credit Suisse International Portfolio	July 1, 2002	July 1, 2002
Roszel/Lord Abbett Government Securities Portfolio	July 1, 2002	July 1, 2002
Roszel/MLIM Fixed-Income Portfolio	July 1, 2002	July 1, 2002
ML Domestic Money Market V.I. Fund	February 21, 1992	July 1, 2002

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* Effective March 3, 2003, Delaware Management Company replaced Newberger Berman Management, Inc. as investment subadviser and the Fund's name was changed from the Roszel/Neuberger Berman Small Cap Growth Portfolio to the Roszel/Delaware Small-Mid Cap Growth Portfolio.

Average annual total returns represent the average annual compounded rates of return that would equate an initial investment of $1,000 under a Contract to the redemption value or that investment as of the last day of each of the periods. The ending date for each period for which total return quotations are provided will generally be as of the most recent calendar quarter-end.

Average annual total returns are calculated using subaccount unit values calculated on each valuation day based on the performance of the corresponding underlying Fund, the deductions for the asset-based insurance charge and the contract fee, and assume a surrender of the Contract at the end of the period for the return quotation (although the Contract does not impose a surrender charge). For purposes of calculating total return, an average per dollar contract fee attributable to the hypothetical account for the period is used. Based on our current estimates of average contract size and withdrawals, we have assumed the average contract fee to be 0.00%. The average annual total return is then calculated according to the following formula:

$$TR = ((ERV/P)(1/N)) -- 1$$

Where:

TR	=	the average annual total return net of subaccount recurring charges (such as the asset-based insurance charge and contract fee).
ERV	=	the ending redeemable value at the end of the period of the hypothetical account with an initial payment of $1,000.
P	=	a hypothetical initial payment of $1,000.
N	=	the number of years in the period.

From time to time, Merrill Lynch Life also may quote in sales literature or advertisements total returns for other periods.

From time to time, Merrill Lynch Life also may quote in sales literature or advertisements total returns or other performance information for a hypothetical Contract assuming the initial premium is allocated to more than one subaccount or assuming monthly transfers from a specified subaccount to one or more designated subaccounts under a dollar cost averaging program. Merrill Lynch Life also may quote in sales literature or advertisements total returns or other performance information for a hypothetical Contract assuming

6

participation in an asset allocation or rebalancing program. These returns will reflect the performance of the affected subaccount(s) for the amount and duration of the allocation to each subaccount for the hypothetical Contract. They also will reflect the deduction of the charges described above. For example, total return information for a Contract with a dollar cost averaging program for a 12-month period will assume commencement of the program at the beginning of the most recent 12-month period for which average annual total return information is available. This information will assume an initial lump-sum investment in a specified subaccount (the "DCA subaccount") at the beginning of that period and monthly transfers of a portion of the contract value from the DCA subaccount to designated other subaccount(s) during the 12-month period. The total return for the Contract for this 12-month period therefore will reflect the return on the portion of the contract value that remains invested in the DCA subaccount for the period it is assumed to be so invested, as affected by monthly transfers, and the return on amounts transferred to the designated other subaccounts for the period during which those amounts are assumed to be invested in those subaccounts. The return for an amount invested in a subaccount will be based on the performance of that subaccount for the duration of the investment, and will reflect the charges described above. Performance information for a dollar cost-averaging program also may show the returns for various periods for a designated subaccount assuming monthly transfers to the subaccount, and may compare those returns to returns assuming an initial lump-sum investment in that subaccount. This information also may be compared to various indices, such as the Merrill Lynch 91-day Treasury Bills index or the U.S. Treasury Bills index and may be illustrated by graphs, charts, or otherwise.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Merrill Lynch Life Insurance Company:

We have audited the accompanying statements of assets and liabilities of each of the divisions of Merrill Lynch Life Variable Annuity Separate Account C, comprised of divisions investing in the Domestic Money Market V.I. Fund, Roszel / Credit Suisse International Portfolio, Roszel / Lazard International Portfolio, Roszel / Levin Large Cap Value Portfolio, Roszel / Lord Abbett Government Securities Portfolio, Roszel / Lord Abbett Large Cap Value Portfolio, Roszel / MLIM Fixed-Income Portfolio, Roszel / MLIM Relative Value Portfolio, Roszel / INVESCO-NAM Large Cap Core Portfolio, Roszel / Delaware Small-Mid Cap Growth Portfolio (formerly Roszel / Neuberger Berman Small Cap Growth Portfolio), Roszel / Nicholas-Applegate Large Cap Growth Portfolio, Roszel / NWQ Small Cap Value Portfolio, Roszel / Rittenhouse Large Cap Growth Portfolio, Roszel / Seneca Large Cap Growth Portfolio, Roszel / Seneca Mid Cap Growth Portfolio, Roszel / Sound Large Cap Core Portfolio, and Roszel / Valenzuela Mid Cap Value Portfolio (collectively, the "Divisions"), as of December 31, 2003 and the related statements of operations and changes in net assets for each of the two years in the period then ended. These financial statements are the responsibility of the management of Merrill Lynch Life Insurance Company. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of mutual fund securities owned at December 31, 2003. 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, such financial statements present fairly, in all material respects, the financial positions of the Divisions as of December 31, 2003, the results of their operations and the changes in their net assets for each of the two years in the period then ended, in conformity with accounting principles generally accepted in the United

States of America.

Deloitte & Touche, LLP
New York, New York

March 5, 2004

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF ASSETS AND LIABILITIES
AS OF DECEMBER 31, 2003

	Divisio	
		R
	Domestic Money Market V.I. Fund	Int P
(In thousands)		
Assets		
Investment in Merrill Lynch Variable Series Funds, Inc. (Note 1):		
Domestic Money Market V.I. Fund, 3,318 shares (Cost $3,318)	$ 3,318	$
Investments in MLIG Variable Insurance Trust (Note 1):		
Roszel / Credit Suisse International Portfolio, 284 shares (Cost $2,543)		
Roszel / Lazard International Portfolio, 312 shares (Cost $2,962)		
Total Assets	$ 3,318	$
Net Assets		
Accumulation Units	$ 3,318	$
Retained in Separate Account C by Merrill Lynch Life Insurance Company (Note 4)	0	
Total Net Assets	$ 3,318	$

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF ASSETS AND LIABILITIES (Continued)
AS OF DECEMBER 31, 2003

	Divisio	
	Roszel / Levin Large Cap Value Portfolio	R Lo G S P
(In thousands)		
Assets		
Investments in MLIG Variable Insurance Trust (cont'd) (Note 1):		
Roszel / Levin Large Cap Value Portfolio, 291 shares (Cost $2,462)	$ 3,172	$
Roszel / Lord Abbett Government Securities Portfolio, 1,205 shares (Cost $12,566)		
Roszel / Lord Abbett Large Cap Value Portfolio, 822 shares (Cost $8,323)		
Total Assets	$ 3,172	$
Net Assets		
Accumulation Units	$ 3,172	$
Retained in Separate Account C by Merrill Lynch Life Insurance Company (Note 4)	0	
Total Net Assets	$ 3,172	$

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF ASSETS AND LIABILITIES (Continued)
AS OF ENDED DECEMBER 31, 2003

	Divisio	
	Roszel / MLIM Fixed-Income Portfolio	R R P
(In thousands)		
Assets		
Investments in MLIG Variable Insurance Trust (cont'd) (Note 1):		
Roszel / MLIM Fixed-Income Portfolio, 1,746 shares		

(Cost $17,693)	$ 17,699	$
Roszel / MLIM Relative Value Portfolio, 1,312 shares (Cost $12,727)		
Roszel / INVESCO-NAM Large Cap Core Portfolio, 214 shares (Cost $2,003)		
Total Assets	$ 17,699	$
Net Assets		
Accumulation Units	$ 17,699	$
Retained in Separate Account C by Merrill Lynch Life Insurance Company (Note 4)	0	
Total Net Assets	$ 17,699	$

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF ASSETS AND LIABILITIES (Continued)
AS OF DECEMBER 31, 2003

	Divisio	
	Roszel / Delaware Small-Mid Cap Growth Portfolio	R Nich L P
(In thousands)		
Assets		
Investments in MLIG Variable Insurance Trust (cont'd) (Note 1):		
Roszel / Delaware Small-Mid Cap Growth Portfolio, 232 shares (Cost $1,952)	$ 2,404	$
Roszel / Nicholas-Applegate Large Cap Growth Portfolio, 118 shares (Cost $1,129)		
Roszel / NWQ Small Cap Value Portfolio, 430 shares (Cost $3,608)		
Total Assets	$ 2,404	$
Net Assets		
Accumulation Units	$ 2,404	$
Retained in Separate Account C by Merrill Lynch Life Insurance Company (Note 4)	0	

Total Net Assets	$ 2,404	$

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF ASSETS AND LIABILITIES (Continued)
AS OF DECEMBER 31, 2003

	Divisio	
	Roszel / Rittenhouse Large Cap Growth Portfolio	R L P
(In thousands)		
Assets		
Investments in MLIG Variable Insurance Trust (cont'd) (Note 1):		
Roszel / Rittenhouse Large Cap Growth Portfolio, 1,051 shares (Cost $10,048)	$ 11,438	$
Roszel / Seneca Large Cap Growth Portfolio, 341 shares (Cost $3,281)		
Roszel / Seneca Mid Cap Growth Portfolio, 331 shares (Cost $3,088)		
Total Assets	$ 11,438	$
Net Assets		
Accumulation Units	$ 11,438	$
Retained in Separate Account C by Merrill Lynch Life Insurance Company (Note 4)	0	
Total Net Assets	$ 11,438	$

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF ASSETS AND LIABILITIES (Continued)
AS OF DECEMBER 31, 2003

	Divisio
	Roszel / Sound Large Cap Core Portfolio
(In thousands)	
Assets	
Investments in MLIG Variable Insurance Trust (cont'd) (Note 1):	
Roszel / Sound Large Cap Core Portfolio, 85 shares (Cost $832)	$ 977
Roszel / Valenzuela Mid Cap Value Portfolio, 462 shares (Cost $3,833)	
Total Assets	$ 977
Net Assets	
Accumulation Units	$ 862
Retained in Separate Account C by Merrill Lynch Life Insurance Company (Note 4)	115
Total Net Assets	$ 977

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED DECEMBER 31, 2003

	Divisio
	Domestic Money Market V.I. Fund
(In thousands)	
Investment Income (Loss):	
Ordinary Dividends (Note 2)	$ 38
Asset-Based Insurance Charges (Note 7)	(96)
Net Investment Income (Loss)	(58)
Realized and Unrealized Gains (Losses) On Investments:	

Net Realized Gains (Note 2)	0
Net Change In Unrealized Appreciation (Depreciation) During the Year	0
Capital Gain Distributions (Note 2)	0
Net Gain (Loss) on Investments	0
Net Increase (Decrease) in Net Assets Resulting from Operations	(58)
Contract Transactions:	
Premiums Received from Contract Owners	32,219
Contract Owner Withdrawals	(1,407)
Net Transfers In (Out) (Note 3)	(35,938)
Contract Charges (Note 7)	(1)
Net Increase (Decrease) in Net Assets Resulting from Contract Transactions	(5,127)
Increase (Decrease) in Amounts Retained in Separate Account C, net (Note 4)	0
Total Increase (Decrease) in Net Assets	(5,185)
Net Assets, Beginning of Period	8,503
Net Assets, End of Period	$ 3,318

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (Continued)
FOR THE PERIOD ENDED DECEMBER 31, 2003

	Divisio
(In thousands)	Roszel / Levin Large Cap Value Portfolio
Investment Income (Loss):	
Ordinary Dividends (Note 2)	$ 17
Asset-Based Insurance Charges (Note 7)	(51)
Net Investment Income (Loss)	(34)
Realized and Unrealized Gains (Losses) On Investments:	
Net Realized Gains (Note 2)	23
Net Change In Unrealized Appreciation (Depreciation) During the Year	693

Capital Gain Distributions (Note 2)	9	
Net Gain (Loss) on Investments	725	
Net Increase (Decrease) in Net Assets Resulting from Operations	691	
Contract Transactions:		
Premiums Received from Contract Owners	130	
Contract Owner Withdrawals	(110)	
Net Transfers In (Out) (Note 3)	273	
Contract Charges (Note 7)	0	
Net Increase (Decrease) in Net Assets Resulting from Contract Transactions	293	
Increase (Decrease) in Amounts Retained in Separate Account C, net (Note 4)	(85)	
Total Increase (Decrease) in Net Assets	899	
Net Assets, Beginning of Period	2,273	
Net Assets, End of Period	$ 3,172	$

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (Continued)
FOR THE PERIOD ENDED DECEMBER 31, 2003

	Divisio	
	Roszel / MLIM Fixed-Income Portfolio	R P
(In thousands)		
Investment Income (Loss):		
Ordinary Dividends (Note 2)	$ 442	$
Asset-Based Insurance Charges (Note 7)	(275)	
Net Investment Income (Loss)	167	
Realized and Unrealized Gains (Losses) On Investments:		
Net Realized Gains (Note 2)	12	
Net Change In Unrealized Appreciation (Depreciation) During the Year	(110)	
Capital Gain Distributions (Note 2)	0	
Net Gain (Loss) on Investments	(98)	

Net Increase (Decrease) in Net Assets Resulting from Operations	69	
Contract Transactions:		
Premiums Received from Contract Owners	451	
Contract Owner Withdrawals	(1,355)	
Net Transfers In (Out) (Note 3)	7,258	
Contract Charges (Note 7)	(4)	
Net Increase (Decrease) in Net Assets Resulting from Contract Transactions	6,350	
Increase (Decrease) in Amounts Retained in Separate Account C, net (Note 4)	0	
Total Increase (Decrease) in Net Assets	6,419	
Net Assets, Beginning of Period	11,280	
Net Assets, End of Period	$ 17,699	$

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (Continued)
FOR THE PERIOD ENDED DECEMBER 31, 2003

	Divisio	
	Roszel / Delaware Small-Mid Cap Growth Portfolio	R Nich L P
(In thousands)		
Investment Income (Loss):		
Ordinary Dividends (Note 2)	$ 0	$
Asset-Based Insurance Charges (Note 7)	(32)	
Net Investment Income (Loss)	(32)	
Realized and Unrealized Gains (Losses) On Investments:		
Net Realized Gains (Note 2)	9	
Net Change In Unrealized Appreciation (Depreciation) During the Year	534	
Capital Gain Distributions (Note 2)	0	
Net Gain (Loss) on Investments	543	
Net Increase (Decrease) in Net Assets Resulting from Operations	511	

Contract Transactions:	
Premiums Received from Contract Owners	47
Contract Owner Withdrawals	(109)
Net Transfers In (Out) (Note 3)	628
Contract Charges (Note 7)	0
Net Increase (Decrease) in Net Assets Resulting from Contract Transactions	566
Increase (Decrease) in Amounts Retained in Separate Account C, net (Note 4)	(76)
Total Increase (Decrease) in Net Assets	1,001
Net Assets, Beginning of Period	1,403
Net Assets, End of Period	$ 2,404 $

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (Continued)
FOR THE PERIOD ENDED DECEMBER 31, 2003

	Divisio
	Roszel / Rittenhouse Large Cap Growth Portfolio
(In thousands)	
Investment Income (Loss):	
Ordinary Dividends (Note 2)	$ 6 $
Asset-Based Insurance Charges (Note 7)	(168)
Net Investment Income (Loss)	(162)
Realized and Unrealized Gains (Losses) On Investments:	
Net Realized Gains (Note 2)	34
Net Change In Unrealized Appreciation (Depreciation) During the Year	1,600
Capital Gain Distributions (Note 2)	0
Net Gain (Loss) on Investments	1,634
Net Increase (Decrease) in Net Assets Resulting from Operations	1,472
Contract Transactions:	
Premiums Received from Contract Owners	343

Contract Owner Withdrawals	(731)
Net Transfers In (Out) (Note 3)	3,839
Contract Charges (Note 7)	(1)
Net Increase (Decrease) in Net Assets Resulting from Contract Transactions	3,450
Increase (Decrease) in Amounts Retained in Separate Account C, net (Note 4)	0
Total Increase (Decrease) in Net Assets	4,922
Net Assets, Beginning of Period	6,516
Net Assets, End of Period	$ 11,438 $

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (Continued)
FOR THE PERIOD ENDED DECEMBER 31, 2003

	Divisio
	Roszel / Sound Large Cap Core Portfolio
(In thousands)	
Investment Income (Loss):	
Ordinary Dividends (Note 2)	$ 4 $
Asset-Based Insurance Charges (Note 7)	(12)
Net Investment Income (Loss)	(8)
Realized and Unrealized Gains (Losses) On Investments:	
Net Realized Gains (Note 2)	6
Net Change In Unrealized Appreciation (Depreciation) During the Year	147
Capital Gain Distributions (Note 2)	0
Net Gain (Loss) on Investments	153
Net Increase (Decrease) in Net Assets Resulting from Operations	145
Contract Transactions:	
Premiums Received from Contract Owners	10
Contract Owner Withdrawals	(22)
Net Transfers In (Out) (Note 3)	307
Contract Charges (Note 7)	0

Net Increase (Decrease) in Net Assets Resulting from Contract Transactions	295	
Increase (Decrease) in Amounts Retained in Separate Account C, net (Note 4)	24	
Total Increase (Decrease) in Net Assets	464	
Net Assets, Beginning of Period	513	
Net Assets, End of Period	$ 977	$

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED DECEMBER 31, 2002

	Divisio	
		R
(In thousands)	Domestic Money Market V.I. Fund	Int P
Investment Income (Loss):		
Ordinary Dividends (Note 2)	$ 41	$
Asset-Based Insurance Charges (Note 7)	(60)	
Net Investment Income (Loss)	(19)	
Realized and Unrealized Gains (Losses) On Investments:		
Net Realized Gains (Losses) (Note 2)	0	
Net Change In Unrealized Appreciation (Depreciation) During the Year	0	
Capital Gain Distributions (Note 2)	0	
Net Gain (Loss) on Investments	0	
Net Increase (Decrease) in Net Assets Resulting from Operations	(19)	
Contract Transactions:		
Premiums Received from Contract Owners	65,890	
Contract Owner Withdrawals	(1,046)	
Net Transfers In (Out) (Note 3)	(56,322)	
Net Increase in Net Assets Resulting from Contract Transactions	8,522	

Increase in Amounts Retained in Separate Account C, net (Note 4)	0	
Total Increase in Net Assets	8,503	
Net Assets, Beginning of Period	0	
Net Assets, End of Period	$ 8,503	$

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (Continued)
FOR THE PERIOD ENDED DECEMBER 31, 2002

	Divisio	
	Roszel / Levin Large Cap Value Portfolio	R Lo G S P
(In thousands)		
Investment Income (Loss):		
Ordinary Dividends (Note 2)	$ 0	$
Asset-Based Insurance Charges (Note 7)	(9)	
Net Investment Income (Loss)	(9)	
Realized and Unrealized Gains (Losses) On Investments:		
Net Realized Gains (Losses) (Note 2)	(3)	
Net Change In Unrealized Appreciation (Depreciation) During the Year	19	
Capital Gain Distributions (Note 2)	0	
Net Gain (Loss) on Investments	16	
Net Increase (Decrease) in Net Assets Resulting from Operations	7	
Contract Transactions:		
Premiums Received from Contract Owners	86	
Contract Owner Withdrawals	(27)	
Net Transfers In (Out) (Note 3)	2,122	
Net Increase in Net Assets Resulting from Contract Transactions	2,181	
Increase in Amounts Retained in Separate Account C, net (Note 4)	85	
	2,273	

Total Increase in Net Assets	0
Net Assets, Beginning of Period	
	$ 2,273 $
Net Assets, End of Period	

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (Continued)
FOR THE PERIOD ENDED DECEMBER 31, 2002

	Divisio
	Roszel / MLIM Fixed- Income Portfolio
(In thousands)	
Investment Income (Loss):	
Ordinary Dividends (Note 2)	$ 54 $
Asset-Based Insurance Charges (Note 7)	(40)
Net Investment Income (Loss)	14
Realized and Unrealized Gains (Losses) On Investments:	
Net Realized Gains (Losses) (Note 2)	1
Net Change In Unrealized Appreciation (Depreciation) During the Year	117
Capital Gain Distributions (Note 2)	0
Net Gain (Loss) on Investments	118
Net Increase (Decrease) in Net Assets Resulting from Operations	132
Contract Transactions:	
Premiums Received from Contract Owners	615
Contract Owner Withdrawals	(292)
Net Transfers In (Out) (Note 3)	10,825
Net Increase in Net Assets Resulting from Contract Transactions	11,148
Increase in Amounts Retained in Separate Account C, net (Note 4)	0
	11,280
Total Increase in Net Assets	0
Net Assets, Beginning of Period	
	$ 11,280 $
Net Assets, End of Period	

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (Continued)
FOR THE PERIOD ENDED DECEMBER 31, 2002

	Divisio	
	Roszel / Delaware Small-Mid Cap Growth Portfolio	R Nich L P
(In thousands)		
Investment Income (Loss):		
Ordinary Dividends (Note 2)	$ 0	$
Asset-Based Insurance Charges (Note 7)	(6)	
Net Investment Income (Loss)	(6)	
Realized and Unrealized Gains (Losses) On Investments:		
Net Realized Gains (Losses) (Note 2)	0	
Net Change In Unrealized Appreciation (Depreciation) During the Year	(81)	
Capital Gain Distributions (Note 2)	0	
Net Gain (Loss) on Investments	(81)	
Net Increase (Decrease) in Net Assets Resulting from Operations	(87)	
Contract Transactions:		
Premiums Received from Contract Owners	11	
Contract Owner Withdrawals	(63)	
Net Transfers In (Out) (Note 3)	1,466	
Net Increase in Net Assets Resulting from Contract Transactions	1,414	
Increase in Amounts Retained in Separate Account C, net (Note 4)	76	
	1,403	
Total Increase in Net Assets	0	
Net Assets, Beginning of Period		
	$ 1,403	$
Net Assets, End of Period		

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (Continued)
FOR THE PERIOD ENDED DECEMBER 31, 2002

	Divisio	
(In thousands)	Roszel / Rittenhouse Large Cap Growth Portfolio	R L P
Investment Income (Loss):		
Ordinary Dividends (Note 2)	$ 0	$
Asset-Based Insurance Charges (Note 7)	(24)	
Net Investment Income (Loss)	(24)	
Realized and Unrealized Gains (Losses) On Investments:		
Net Realized Gains (Losses) (Note 2)	12	
Net Change In Unrealized Appreciation (Depreciation) During the Year	(210)	
Capital Gain Distributions (Note 2)	0	
Net Gain (Loss) on Investments	(198)	
Net Increase (Decrease) in Net Assets Resulting from Operations	(222)	
Contract Transactions:		
Premiums Received from Contract Owners	359	
Contract Owner Withdrawals	(182)	
Net Transfers In (Out) (Note 3)	6,561	
Net Increase in Net Assets Resulting from Contract Transactions	6,738	
Increase in Amounts Retained in Separate Account C, net (Note 4)	0	
Total Increase in Net Assets	6,516	
Net Assets, Beginning of Period	0	
Net Assets, End of Period	$ 6,516	$

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (Continued)
FOR THE PERIOD ENDED DECEMBER 31, 2002

	Divisio	
	Roszel / Sound Large Cap Core Portfolio	R V P
(In thousands)		
Investment Income (Loss):		
Ordinary Dividends (Note 2)	$ 0	$
Asset-Based Insurance Charges (Note 7)	(1)	
Net Investment Income (Loss)	(1)	
Realized and Unrealized Gains (Losses) On Investments:		
Net Realized Gains (Losses) (Note 2)	(2)	
Net Change In Unrealized Appreciation (Depreciation) During the Year	(16)	
Capital Gain Distributions (Note 2)	0	
Net Gain (Loss) on Investments	(18)	
Net Increase (Decrease) in Net Assets Resulting from Operations	(19)	
Contract Transactions:		
Premiums Received from Contract Owners	0	
Contract Owner Withdrawals	(1)	
Net Transfers In (Out) (Note 3)	443	
Net Increase in Net Assets Resulting from Contract Transactions	442	
Increase in Amounts Retained in Separate Account C, net (Note 4)	90	
Total Increase in Net Assets	513	
Net Assets, Beginning of Period	0	
Net Assets, End of Period	$ 513	$

See accompanying notes to financial statements.

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C
MERRILL LYNCH LIFE INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

Merrill Lynch Life Variable Annuity Separate Account C ("Separate Account C"), a separate account of Merrill Lynch Life Insurance Company ("Merrill Lynch Life"), was established to support Merrill Lynch Life's operations with respect to certain variable annuity contracts ("Contracts"). Separate Account C is governed by Arkansas State Insurance Law. Merrill Lynch Life is an indirect wholly owned subsidiary of Merrill Lynch & Co., Inc. ("Merrill Lynch & Co."). Separate Account C is registered as a unit investment trust under the Investment Company Act of 1940, as amended, and consists of seventeen investment divisions that support one annuity contract - Consults Annuity. The investment divisions are as follows:

- Merrill Lynch Variable Series Funds, Inc. - One of the investment divisions invests in the shares of a single mutual fund portfolio of the Merrill Lynch Variable Series Funds, Inc. ("Merrill Variable Funds"). The Investment advisor to the Merrill Variable Funds is Merrill Lynch Investment Managers, L.P. ("MLIM"), an Indirect subsidiary of Merrill Lynch & Co.

- MLIG Variable Insurance Trust - Sixteen of the investment divisions each invest in the shares of a single mutual fund portfolio of the MLIG Variable Insurance Trust("MLIG Variable Trust"). The investment advisor to the MLIG Variable Trust is Roszel Advisors, LLC, an indirect subsidiary of Merrill Lynch & Co. Effective March 3, 2003 the Roszel / Neuberger Berman Small Cap Growth Portfolio was renamed the Roszel / Delaware Small-Mid Cap Growth Portfolio. Effective June 18, 2003, the Roszel / Levin Large Cap Value Portfolio was placed on hold to allocations of premiums and contract value from new investors. The Investment division accepts additional deposits from existing contract holders. Effective August 1, 2003, the Roszel / Credit Suisse International Portfolio was placed on hold to allocations of premiums and contract value from new investors. The Investment division accepts additional deposits from existing contract holders. Effective October 17, 2003, the Roszel / Sound Large Cap Core Portfolio was placed on hold to allocations of premiums and contract value from new investors. The Investment division accepts additional deposits from existing contract holders.

The assets of Separate Account C are registered in the name of Merrill Lynch Life. The portion of Separate Account C's assets applicable to the Contracts are not chargeable with liabilities arising out of any other business Merrill Lynch Life may conduct.

The change in net assets accumulated in Separate Account C provides the basis for the periodic determination of the amount of increased or decreased benefits under the Contracts.

The net assets may not be less than the amount required under Arkansas State Insurance Law to provide for death benefits (without regard to the guaranteed minimum death benefits ("GMDB")) and other Contract benefits.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements included herein have been prepared in accordance with accounting principles generally accepted in the United States of America for variable annuity separate accounts registered as unit investment trusts. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments of the investment divisions are included in the statement of assets and liabilities at the net asset value of the shares held in the underlying funds, which value their investments at market value. Dividend income includes ordinary dividends and capital gain distributions and is recognized on the ex-dividend date. All dividends are automatically reinvested. Realized gains and losses on the sales of investments are computed on the first in first out basis. Investment transactions are recorded on the trade date.

The operations of Separate Account C are included in the Federal income tax return of Merrill Lynch Life. Under the provisions of the Contracts, Merrill Lynch Life has the right to charge Separate Account C for any Federal income tax attributable to Separate Account C. No charge is currently being made against Separate Account C for such tax since, under current tax law, Merrill Lynch Life pays no tax on investment income and capital gains reflected in variable annuity contract reserves. However, Merrill Lynch Life retains the right to charge for any Federal income tax incurred that is attributable to Separate Account C if the law is changed. Charges for state and local taxes, if any, attributable to Separate Account C may also be made.

3. NET TRANSFERS

Net transfers include transfers among applicable Separate Account C investment divisions.

4. INVESTMENTS IN SEPARATE ACCOUNT

The $115,000 in net assets retained by Merrill Lynch Life in Separate Account C represent an investment by Merrill Lynch Life in certain investment divisions to facilitate the establishment of those investment divisions. Merrill Lynch Life's investment is not subject to charges for mortality and expense risks and may be transferred to Merrill Lynch Life's General Account.

5. PURCHASES AND SALES OF INVESTMENTS

The cost of purchases and proceeds from sales of investments for the year ended December 3
follows:

(In thousands)

	Purchases	
Domestic Money Market V.I. Fund	$ 23,535	$
Roszel / Credit Suisse International Portfolio	1,152	
Roszel / Lazard International Portfolio	2,787	
Roszel / Levin Large Cap Value Portfolio	654	
Roszel / Lord Abbett Government Securities Portfolio	6,462	
Roszel / Lord Abbett Large Cap Value Portfolio	3,930	
Roszel / MLIM Fixed-Income Portfolio	8,168	
Roszel / MLIM Relative Value Portfolio	7,779	
Roszel / INVESCO-NAM Large Cap Core Portfolio	1,326	
Roszel / Delaware Small-Mid Cap Growth Portfolio	877	
Roszel / Nicholas-Applegate Large Cap Growth Portfolio	828	
Roszel / NWQ Small Cap Value Portfolio	2,501	
Roszel / Rittenhouse Large Cap Growth Portfolio	4,126	
Roszel / Seneca Large Cap Growth Portfolio	1,591	
Roszel / Seneca Mid Cap Growth Portfolio	1,815	
Roszel / Sound Large Cap Core Portfolio	359	
Roszel / Valenzuela Mid Cap Value Portfolio	1,250	
	$ 69,140	$

6. UNIT VALUES

The following is a summary of units outstanding, unit values and net assets for variable annuity
income ratio represents the dividends, excluding the distributions of capital gains, received b
from the underlying mutual fund, net of management fees assessed by the fund manager, divided by
These ratios exclude those expenses, such as mortality and expense charges, that result in direc
values. The recognition of investment income by the investment division is affected by the timi
dividends by the underlying fund in which the investment divisions invest. The expense ratio
contract expenses of the separate account, consisting primarily of mortality and expense c
indicated. The ratios include only those expenses that result in a direct reduction to unit valu
to contract owner accounts through the redemption of units and expenses of the underlying fund
return amounts include changes in the value of the underlying mutual fund, which includes expen
reduction of unit values. The ratio does not include any expenses assessed through the redemp
divisions with a date notation indicate the effective date of that investment division in the se
return is calculated for the period indicated or from the effective date through the end of the r

(In thousands, except unit values)

Domestic Money Market V.I. Fund

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio

2003	337	$ 9.86	$ 3,318	0.73%
2002	853	9.97	8,503	1.26

Roszel / Credit Suisse International Portfolio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio
2003	292	$ 11.60	$ 3,384	0.20%
2002	264	8.83	2,328	0.00

Roszel / Lazard International Portfolio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio
2003	320	$ 11.21	$ 3,596	0.19%
2002	117	8.85	1,036	0.00

Roszel / Levin Large Cap Value Portfolio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio
2003	297	$ 10.70	$ 3,172	0.62%
2002	260	8.43	2,188	0.00

6. UNIT VALUES (Continued)

Roszel / Lord Abbett Government Securities Portfolio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio
2003	1,190	$ 10.47	$ 12,452	3.35%
2002	867	10.47	9,081	2.02

Roszel / Lord Abbett Large Cap Value Portfolio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio
2003	842	$ 12.59	$ 10,609	0.17%
2002	561	9.87	5,540	0.00

Roszel / MLIM Fixed-Income Portfolio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio
2003	1,730	$ 10.23	$ 17,699	2.97%
2002	1,108	10.18	11,280	2.50

Roszel / MLIM Relative Value Portfolio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio
2003	1,346	$ 11.61	$ 15,621	0.19%
2002	658	9.35	6,152	0.00

Roszel / INVESCO-NAM Large Cap Core Portfolio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio
2003	219	$ 10.79	$ 2,367	0.24%
2002	170	8.80	1,497	0.00

6. UNIT VALUES (Continued)

Roszel / Delaware Small-Mid Cap Growth Portfolio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio
2003	238	$ 10.10	$ 2,404	0.00%
2002	176	7.55	1,327	0.00

Roszel / Nicholas-Applegate Large Cap Growth Portfolio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio
2003	121	$ 10.87	$ 1,318	0.31%
2002	52	8.83	456	0.00

Roszel / NWQ Small Cap Value Portfolio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio
2003	441	$ 11.54	$ 5,088	0.19%
2002	258	7.67	1,977	0.00

Roszel / Rittenhouse Large Cap Growth Portfolio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio

2003	1,080	$ 10.59	$ 11,438	0.07%
2002	722	9.03	6,516	0.00

Roszel / Seneca Large Cap Growth Portfolio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio
2003	350	$ 11.02	$ 3,852	0.17%
2002	253	8.89	2,247	0.00

6. UNIT VALUES (Continued)

Roszel / Seneca Mid Cap Growth Portfolio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio
2003	340	$ 10.91	$ 3,707	0.10%
2002	205	8.54	1,755	0.00

Roszel / Sound Large Cap Core Portfolio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio
2003	77	$ 11.17	$ 862	0.62%
2002	47	8.96	423	0.00

Roszel / Valenzuela Mid Cap Value Portfolio

December 31,	Units (000's)	Unit Value	Net Assets (000's)	Investment Income Ratio
2003	475	$ 10.26	$ 4,868	0.18%
2002	387	7.89	3,049	0.00

7.CHARGES AND FEES

The following table is a listing of all expenses charged to the separate account. Mortality administrative charges may be assessed through a reduction in unit value or redemption of unit

Charge	When Charge Is Deducted	Amount Dedu
Mortality and expense charge	Daily - reduction of unit values	1/365 of 1.

Contract maintenance charge	Annually - redemption of units	$50 at the a full wi contract va is less tha
Additional death benefit charge provides coverage in addition to that provided by the death benefit	Quarterly - redemption of units	0.25% of t each contr contract v prior four this charg death, or Estate Enh either the Premiums Co
Transfer Fee	Per incident - redemption of units	$25 for e transfer in

8. UNITS ISSUED AND REDEEMED

Units issued and redeemed during 2003 and 2002 were as follows:

	Domestic Money Market V.I. Fund	Roszel / Credit Suisse International Portfolio	Roszel / Lazard International Portfolio
(In thousands)			
Outstanding at January 1, 2002	0	0	
Activity during 2002:			
Issued	3,406	301	1
Redeemed	(2,553)	(37)	
Outstanding at December 31, 2002	853	264	1
Activity during 2003:			
Issued	2,370	129	3
Redeemed	(2,886)	(101)	(
Outstanding at December 31, 2003	337	292	3

8. UNITS ISSUED AND REDEEMED (Continued)

	Roszel / Lord Abbett Government Securities Portfolio	Roszel / Lord Abbett Large Cap Value Portfolio	Roszel / MLIM Fixed-Income Portfolio
(In thousands)			

Outstanding at January 1, 2002	0	0	
Activity during 2002:			
Issued	908	576	1,1
Redeemed	(41)	(15)	(
Outstanding at December 31, 2002	867	561	1,1
Activity during 2003:			
Issued	591	376	7
Redeemed	(268)	(95)	(1
Outstanding at December 31, 2003	1,190	842	1,7

8. UNITS ISSUED AND REDEEMED (Continued)

(In thousands)	Roszel / INVESCO-NAM Large Cap Core Portfolio	Roszel / Delaware Small-Mid Cap Growth Portfolio	Roszel / Nicholas-Applega Large Cap Growth Portfolio
Outstanding at January 1, 2002	0	0	
Activity during 2002:			
Issued	176	189	
Redeemed	(6)	(13)	
Outstanding at December 31, 2002	170	176	
Activity during 2003:			
Issued	141	98	
Redeemed	(92)	(36)	(
Outstanding at December 31, 2003	219	238	1

8. UNITS ISSUED AND REDEEMED (Continued)

(In thousands)	Roszel / Rittenhouse Large Cap Growth Portfolio	Roszel / Seneca Large Cap Growth Portfolio	Roszel / Seneca Mid Cap Growth Portfolio
Outstanding at January 1, 2002	0	0	
Activity during 2002:			
Issued	742	255	2
Redeemed	(20)	(2)	
Outstanding at December 31, 2002	722	253	2
Activity during 2003:			

Issued	434	160	1
Redeemed	(76)	(63)	(
Outstanding at December 31, 2003	1,080	350	3

8. UNITS ISSUED AND REDEEMED (Continued)

	Roszel / Valenzuela Mid Cap Value Portfolio
(In thousands)	
Outstanding at January 1, 2002	0
Activity during 2002:	
Issued	400
Redeemed	(13)
Outstanding at December 31, 2002	387
Activity during 2003:	
Issued	148
Redeemed	(60)
Outstanding at December 31, 2003	475

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Merrill Lynch Life Insurance Company:

We have audited the accompanying balance sheets of Merrill Lynch Life Insurance Company (the "Company"), a wholly owned subsidiary of Merrill Lynch Insurance Group, Inc., as of December 31, 2003 and 2002, and the related statements of earnings, comprehensive income, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2003 and 2002, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, in 2004 the Company changed its method of accounting for stock-based compensation to conform to SFAS 123, Accounting for Stock-Based Compensation, as amended by SFAS No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure, and retroactively, restated the 2003, 2002 and 2001 financial statements.

Deloitte & Touche, LLP
New York, New York

March 1, 2004 (May 4, 2004 as to Note 2)

MERRILL LYNCH LIFE INSURANCE COMPANY
(A wholly owned subsidiary of Merrill Lynch Insurance Group, Inc.)

BALANCE SHEETS
AS OF DECEMBER 31, 2003 AND 2002
(Dollars in thousands, except common stock par value and shares)

	2003 (1)	2002 (1)
ASSETS		
INVESTMENTS:		
Fixed maturity securities, at estimated fair value (amortized cost: 2003 - $2,108,310; 2002 - $1,844,077)	$ 2,157,127	$ 1,856,732
Equity securities, at estimated fair value (cost: 2003 - $78,816; 2002 - $112,903)	82,469	105,430
Trading account securities, at estimated fair value	26,186	21,949
Limited partnerships, at cost	11,880	12,150
Policy loans on insurance contracts	1,086,537	1,143,663
Total Investments	3,364,199	3,139,924
CASH AND CASH EQUIVALENTS	75,429	312,217
ACCRUED INVESTMENT INCOME	63,565	63,603
DEFERRED POLICY ACQUISITION COSTS	364,414	404,220
FEDERAL INCOME TAXES - CURRENT	-	40,910
REINSURANCE RECEIVABLES	6,004	8,197
AFFILIATED RECEIVABLES - NET	-	67
RECEIVABLES FROM SECURITIES SOLD	1,349	10,072
OTHER ASSETS	36,245	37,399
SEPARATE ACCOUNTS ASSETS	10,736,343	9,079,285
TOTAL ASSETS	$14,647,548	$13,095,894

(1) Amounts have been restated as discussed in Note 2 to the financial statements.

See accompanying notes to financial statements. (Continued)

MERRILL LYNCH LIFE INSURANCE COMPANY
(A wholly owned subsidiary of Merrill Lynch Insurance Group, Inc.)

BALANCE SHEETS (Continued)
AS OF DECEMBER 31, 2003 AND 2002
(Dollars in thousands, except common stock par value and shares)

	2003 (1)	2
LIABILITIES AND STOCKHOLDER'S EQUITY		
LIABILITIES:		
POLICYHOLDER LIABILITIES AND ACCRUALS:		
Policyholders' account balances	$ 2,887,937	$
Claims and claims settlement expenses	101,718	
Total policyholder liabilities and accruals	2,989,655	
OTHER POLICYHOLDER FUNDS	12,915	
LIABILITY FOR GUARANTY FUND ASSESSMENTS	7,139	
FEDERAL INCOME TAXES - DEFERRED	31,965	
FEDERAL INCOME TAXES - CURRENT	20,146	
PAYABLES FOR SECURITIES PURCHASED	683	
AFFILIATED PAYABLES - NET	2,365	
UNEARNED POLICY CHARGE REVENUE	107,761	
OTHER LIABILITIES	3,480	
SEPARATE ACCOUNTS LIABILITIES	10,730,601	
Total Liabilities	13,906,710	1
STOCKHOLDER'S EQUITY:		
Common stock ($10 par value; authorized: 1,000,000 shares; issued and outstanding: 250,000 shares)	2,500	
Additional paid-in capital	397,324	
Retained earnings	329,549	
Accumulated other comprehensive income (loss)	11,465	
Total Stockholder's Equity	740,838	
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 14,647,548	$ 1

(1) Amounts have been restated as discussed in Note 2 to the financial statements.

See accompanying notes to financial statements.

MERRILL LYNCH LIFE INSURANCE COMPANY
(A wholly owned subsidiary of Merrill Lynch Insurance Group, Inc.)

STATEMENTS OF EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001
(Dollars in thousands)

	2003 (1)	2002 (1)
REVENUES:		
Policy charge revenue	$ 228,878	$ 239,030
Net investment income	174,662	207,064
Net realized investment gains (losses)	987	(9,056)
Total Revenues	404,527	437,038
BENEFITS AND EXPENSES:		
Interest credited to policyholders' account balances	128,958	141,373
Market value adjustment expense	4,806	3,683
Policy benefits (net of reinsurance recoveries: 2003 - $17,641; 2002 - $14,620; 2001 - $16,562)	64,631	58,060
Reinsurance premium ceded	22,599	23,131
Amortization of deferred policy acquisition costs	76,402	101,118
Insurance expenses and taxes	52,092	48,527
Total Benefits and Expenses	349,488	375,892
Net Earnings Before Federal Income Tax Provision	55,039	61,146
FEDERAL INCOME TAX PROVISION (BENEFIT):		
Current	67,516	(41,713)
Deferred	(53,902)	55,301
Total Federal Income Tax Provision	13,614	13,588
NET EARNINGS	$ 41,425	$ 47,558

(1) Amounts have been restated as discussed in Note 2 to the financial statements.

See accompanying notes to financial statements.

MERRILL LYNCH LIFE INSURANCE COMPANY
(A wholly owned subsidiary of Merrill Lynch Insurance Group, Inc.)

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001
(Dollars in thousands)

	2003 (1)	200
NET EARNINGS	$ 41,425	$ 4
OTHER COMPREHENSIVE INCOME (LOSS):		
Net unrealized gains on available-for-sale securities and investments in separate accounts:		
Net unrealized holding gains (losses) arising during the period	46,905	(
Reclassification adjustment for losses included in net earnings	3,286	1
Net unrealized gains on investment securities	50,191	
Adjustments for:		
Policyholder liabilities	6,302	(1
Deferred policy acquisition costs	(3,455)	
Deferred federal income taxes	(18,563)	
Total other comprehensive income (loss), net of tax	34,475	(
COMPREHENSIVE INCOME	$ 75,900	$ 4

(1) Amounts have been restated as discussed in Note 2 to the financial statements.

See accompanying notes to financial statements.

MERRILL LYNCH LIFE INSURANCE COMPANY
(A wholly owned subsidiary of Merrill Lynch Insurance Group, Inc.)

STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001
(Dollars in thousands)

	Common stock	Additional paid-in capital	Retained earnings(1)	A co in
BALANCE, JANUARY 1, 2001	$ 2,500	$ 347,324	$ 193,770	$
Net earnings			77,695	
Other comprehensive income, net of tax				

BALANCE, DECEMBER 31, 2001	2,500	347,324	271,465	
Cash dividend paid to parent			(30,899)	
Net earnings			47,558	
Other comprehensive loss, net of tax				
BALANCE, DECEMBER 31, 2002	2,500	347,324	288,124	
Capital contribution from parent		50,000		
Net earnings			41,425	
Other comprehensive income, net of tax				
BALANCE, DECEMBER 31, 2003	$ 2,500	$ 397,324	$ 329,549	$

(1) Amounts have been restated as discussed in Note 2 to the financial statements.

See accompanying notes to financial statements.

G-6

MERRILL LYNCH LIFE INSURANCE COMPANY
(a wholly owned subsidiary of Merrill Lynch Insurance Group, Inc.)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001
(Dollars in thousands)

	2003 (1)
Cash Flows From Operating Activities:	
Net earnings	$ 41,425
Noncash items included in earnings:	
Amortization of deferred policy acquisition costs	76,402
Capitalization of policy acquisition costs	(40,051)
Amortization (accretion) of investments	9,883
Interest credited to policyholders' account balances	128,958
Provision (benefit) for deferred Federal income tax	(53,902)
(Increase) decrease in operating assets:	
Accrued investment income	38
Federal income taxes - current	40,910
Reinsurance receivables	2,193
Affiliated receivables - net	67
Other	1,154
Increase (decrease) in operating liabilities:	
Claims and claims settlement expenses	3,192
Other policyholder funds	1,100
Liability for guaranty fund assessments	(82)
Federal income taxes - current	20,146
Affiliated payables - net	2,365
Unearned policy charge revenue	(6,013)
Other	(2,553)
Other operating activities:	

Net realized investment (gains) losses	(987)
Net cash and cash equivalents provided by operating activities	224,245
Cash Flow From Investing Activities:	
Proceeds from (payments for):	
Sales of available-for-sale securities	312,514
Maturities of available-for-sale securities	533,534
Purchases of available-for-sale securities	(1,097,868)
Trading account securities	(559)
Sales of real estate held-for-sale	-
Sales of limited partnerships	470
Purchases of limited partnerships	(200)
Policy loans on insurance contracts	57,126
Recapture of investment in separate accounts	3,015
Investment in separate accounts	(304)
Net cash and cash equivalents provided by (used in) investing activities	(192,272)

(1) Amounts have been restated as discussed in Note 2 to the financial statements.

See accompanying notes to financial statements. (Continued)

G-7

MERRILL LYNCH LIFE INSURANCE COMPANY
(a wholly owned subsidiary of Merrill Lynch Insurance Group, Inc.)

STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001
(Dollars in thousands)

	2003 (1)
Cash Flows From Financing Activities:	
Proceeds from (payments for):	
Capital contribution received from (cash dividend paid to) parent	$ 50,000
Policyholder deposits (excludes internal policy replacement deposits)	936,437
Policyholder withdrawals (including transfers to/from separate accounts)	(1,255,198)
Net cash and cash equivalents used in financing activities	(268,761)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(236,788)
CASH AND CASH EQUIVALENTS	
Beginning of year	312,217
End of year	$ 75,429

Supplementary Disclosure of Cash Flow Information:

Cash paid to affiliates for:	
Federal income taxes	$ 6,460
Interest	197

(1) Amounts have been restated as discussed in Note 2 to the financial statements.

See accompanying notes to financial statements.

G-8

MERRILL LYNCH LIFE INSURANCE COMPANY
(a wholly owned subsidiary of Merrill Lynch Insurance Group, Inc.)

NOTES TO FINANCIAL STATEMENTS
(Dollars in thousands)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS: Merrill Lynch Life Insurance Company (the "Company") is a wholly owned subsidiary of Merrill Lynch Insurance Group, Inc. ("MLIG"). The Company is an indirect wholly owned subsidiary of Merrill Lynch & Co., Inc. ("Merrill Lynch & Co."). The Company is domiciled in the State of Arkansas.

The Company sells non-participating annuity products, including variable annuities, modified guaranteed annuities and immediate annuities. The Company is currently licensed to sell insurance and annuities in forty-nine states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. The Company markets its products solely through the retail network of Merrill Lynch, Pierce, Fenner & Smith, Incorporated ("MLPF&S"), a wholly owned broker-dealer subsidiary of Merrill Lynch & Co.

BASIS OF REPORTING: The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and prevailing industry practices, both of which require management to make estimates that affect the reported amounts and disclosure of contingencies in the financial statements. Actual results could differ from those estimates.

The significant accounting policies and related judgements underlying the Company's financial statements are summarized below. In applying these policies, management makes subjective and complex judgements that frequently require estimates about matters that are inherently uncertain.

For the purpose of reporting cashflows, cash and cash equivalents include cash on hand and on deposit and short-term investments with original maturities of three months or less.

Certain reclassifications and format changes have been made to prior year amounts to conform to the current year presentation.

REVENUE RECOGNITION: Revenues for variable annuity contracts consist of policy charges for i) mortality and expense risks, ii) certain benefit guarantees selected by the contract owner, iii) administration fees, iv) annual contract maintenance charges, and v) withdrawal charges assessed on contracts surrendered during the withdrawal charge period.

Revenues for variable life insurance contracts consist of policy charges for i) mortality and expense risks, ii) cost of insurance fees, iii) amortization of front-end and deferred sales charges, and iv) withdrawal charges assessed on contracts surrendered during the withdrawal charge period. The Company does not currently manufacture variable life insurance contracts.

Revenues for interest-sensitive annuity contracts (market value adjusted annuities and immediate annuities) and interest-sensitive life insurance contracts (single premium whole life insurance, which is not currently marketed) consist of i) investment income, ii) gains (losses) on the sale of invested assets, and iii) withdrawal charges assessed on contracts surrendered during the withdrawal charge period.

INVESTMENTS: The Company's investments in fixed maturity and equity securities are classified as either available-for-sale or trading and are reported at estimated fair value. Unrealized gains and losses on available-for-sale securities are included in stockholder's equity as a component of accumulated other comprehensive income (loss), net of tax. Unrealized gains and losses on trading account securities are included in net realized investment gains (losses). If management determines that a decline in the value of an available-for-sale security is

other-than-temporary, the carrying value is adjusted to estimated fair value and the decline in value is recorded as a net realized investment loss. Management makes this determination through a series of discussions with the Company's portfolio managers and credit analysts, as well as information obtained from external sources (i.e. company announcements, ratings agency announcements, or news wire services). The factors that give rise to potential impairments include, but are not limited to, i) certain credit-related events such as default of principal or interest payments, ii) bankruptcy of issuer, and iii) certain security restructurings. In the absence of a readily ascertainable market value, the estimated fair value on these securities represents management's estimate of the security's ultimate recovery value. Management bases this determination on the most recent information available.

For fixed maturity securities, premiums are amortized to the earlier of the call or maturity date, discounts are accreted to the maturity date, and interest income is accrued daily. For equity securities, dividends are recognized on the ex-dividend date. Realized gains and losses on the sale or maturity of investments are determined on the basis of specific identification. Investment transactions are recorded on the trade date.

Certain fixed maturity and equity securities are considered non-investment grade. The Company defines non-investment grade securities as unsecured debt obligations or equity positions that have a rating equivalent to Standard and Poor's (or similar rating agency) BB+ or lower.

Investments in limited partnerships are carried at cost.

Policy loans on insurance contracts are stated at unpaid principal balances.

DEFERRED POLICY ACQUISITION COSTS: Certain policy acquisition costs for life and annuity contracts are deferred and amortized based on the estimated future gross profits for each group of contracts. These future gross profit estimates are subject to periodic evaluation by the Company, with necessary revisions applied against amortization to date. The impact of these revisions on cumulative amortization is recorded as a charge or credit to current operations. It is reasonably possible that estimates of future gross profits could be reduced in the future, resulting in a material reduction in the carrying amount of deferred policy acquisition costs.

Policy acquisition costs are principally commissions and a portion of certain other expenses relating to policy acquisition, underwriting and issuance that are primarily related to and vary with the production of new business. Insurance expenses and taxes reported in the Statements of Earnings are net of amounts deferred. Policy acquisition costs can also arise from the acquisition or reinsurance of existing inforce policies from other insurers. These costs include ceding commissions and professional fees related to the reinsurance assumed. The deferred costs are amortized in proportion to the estimated future gross profits over the anticipated life of the acquired insurance contracts utilizing an interest methodology.

During 1990, the Company entered into an assumption reinsurance agreement with an unaffiliated insurer. The acquisition costs relating to this agreement are being amortized over a twenty-five year period using an effective interest rate of 7.5%. This reinsurance agreement provided for payment of contingent ceding commissions, for a ten year period, based upon the persistency and mortality experience of the insurance contracts assumed. Payments made for contingent ceding commissions were capitalized and amortized using an identical methodology as that used for the initial acquisition costs. The following is a reconciliation of the acquisition costs related to this reinsurance agreement for the years ended December 31:

	2003	2002	2001
Beginning balance	$ 81,425	$ 95,869	$ 105,503
Capitalized amounts	-	-	147
Interest accrued	6,107	7,190	7,913
Amortization	(18,243)	(21,634)	(17,694)
Ending balance	$ 69,289	$ 81,425	$ 95,869

The following table presents the expected amortization, net of interest accrued, of these deferred acquisition costs over the next five years. Amortization may be adjusted based on periodic evaluation of the expected gross profits on the reinsured policies.

2004	$4,647
2005	$5,045
2006	$5,875
2007	$5,629
2008	$5,612

SEPARATE ACCOUNTS: Assets and liabilities of Separate Accounts, representing net deposits and accumulated net investment earnings less fees, held primarily for the benefit of contract owners, are shown as separate captions in the Balance Sheets. Separate Accounts are established in conformity with Arkansas State Insurance law and are generally not chargeable with liabilities that arise from any other business of the Company. Separate Accounts assets may be subject to general claims of the Company only to the extent the value of such assets exceeds Separate Accounts liabilities. At December 31, 2003 and 2002, the Company's Separate Accounts assets exceeded Separate Accounts liabilities by $5,742 and $6,679, respectively. This excess represents the Company's temporary investment in certain Separate Accounts investment divisions that were made to facilitate the establishment of those investment divisions.

Net investment income and net realized and unrealized gains (losses) attributable to Separate Accounts assets accrue directly to contract owners and are not reported as revenue in the Company's Statements of Earnings.

POLICYHOLDERS' ACCOUNT BALANCES: Liabilities for the Company's universal life type contracts, including its life insurance and annuity products, are equal to the full accumulation value of such contracts as of the valuation date plus deficiency reserves for certain products. Interest-crediting rates for the Company's fixed-rate products are as follows:

Interest-sensitive life products	4.00% - 4.85%
Interest-sensitive deferred annuities	1.00% - 7.40%
Immediate annuities	3.00% - 11.00%

These rates may be changed at the option of the Company after initial guaranteed rates expire, unless contracts are subject to minimum interest rate guarantees.

CLAIMS AND CLAIMS SETTLEMENT EXPENSES: Liabilities for claims and claims settlement expenses equal the death benefit (plus accrued interest) for claims that have been reported to the Company but have not settled and an estimate, based upon prior experience, for unreported claims. Additionally, the Company has established a mortality benefit accrual for its variable annuity products.

INCOME TAXES: The results of operations of the Company are included in the consolidated Federal income tax return of Merrill Lynch & Co. The Company has entered into a tax-sharing agreement with Merrill Lynch & Co. whereby the Company will calculate its current tax provision based on its operations. Under the agreement, the Company periodically remits to Merrill Lynch & Co. its current Federal income tax liability.

The Company uses the asset and liability method in providing income taxes on all transactions that have been recognized in the financial statements. The asset and liability method requires that deferred taxes be adjusted to reflect the tax rates at which future taxable amounts will likely be settled or realized. The effects of tax rate changes on future deferred tax liabilities and deferred tax assets, as well as other changes in income tax laws, are recognized in net earnings in the period during which such changes are enacted. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. See Note 4 to the financial statements for further information.

The Company is generally subject to taxes on premiums and, in substantially all states, is exempt from state income taxes.

UNEARNED POLICY CHARGE REVENUE: Certain variable life insurance products contain policy charges that are assessed at policy issuance. These policy charges are deferred and amortized into policy charge revenue based on the estimated future gross profits for each group of contracts. The Company records a liability equal to the unamortized balance of these policy charges.

ACCOUNTING PRONOUNCEMENTS: On April 30, 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. In addition, it clarifies when a derivative contains a financing component that warrants special reporting in the statements of cash flows. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The adoption of SFAS No. 149 did not have a material impact on the Financial Statements.

On July 7, 2003, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 03-1, Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts. The SOP provides guidance on accounting and reporting by insurance companies for certain nontraditional long-duration contracts and for separate accounts. The SOP is effective for financial statements for the Company beginning in 2004. The SOP requires the establishment of a liability for contracts that contain death or other insurance benefits using a specified reserve methodology that is different from the methodology that the Company currently employs. The adoption of SOP 03-1, which is effective January 1, 2004, will approximately result in a $43.0 million increase in policyholder liabilities and a corresponding pre-tax charge to earnings. The adoption of SOP 03-1 is considered a change in accounting principle.

In November of 2003, the Emerging Issues Task Force ("EITF") reached a consensus on Issue 03-01, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments, as it relates to disclosures for SFAS 115 securities. In addition to the disclosures already required by SFAS 115, EITF Issue 03-01 requires both quantitative and qualitative disclosures for marketable equity and debt securities. The new disclosure requirements are required to be applied to financial statements for fiscal years ending after December 15, 2003. See Note 3 to the Financial Statements for these disclosures.

NOTE 2. OTHER EVENTS

Effective for the first quarter of 2004, Merrill Lynch & Co. adopted the fair value method of accounting for stock-based compensation under SFAS 123, Accounting for Stock-Based Compensation, using the retroactive restatement method described in SFAS 148, Accounting for Stock-Based Compensation - Transition and Disclosure. Under the fair value recognition provisions of SFAS 123, stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the vesting period. The adoption of the fair value method of accounting by Merrill Lynch & Co. resulted in additional allocated compensation expense to the Company. The December 31, 2003 and December 31, 2002 Balance Sheets have been restated for the allocation of these expenses. Accordingly, the December 31, 2003 Balance Sheet reflects a $1,036 decrease in current federal income taxes payable, a $3,061 increase in net affiliated payables, and a $2,025 decrease in retained earnings. The December 31, 2002 Balance Sheet reflects a $1,005 increase in current federal income taxes receivable, a $2,973 decrease in net affiliated receivables, and a $1,968 decrease in retained earnings.

For the years ended December 31, 2003, 2002, and 2001, $89 ($58 after-tax), $595 ($387 after-tax), and $817 ($543 after-tax), respectively, of additional compensation expense was recorded. This expense is reported as a component of insurance expenses and taxes in the Statements of Earnings.

In addition, Note 5, Note 7, and Note 10 to the Financial Statements have been restated accordingly.

NOTE 3. ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments are carried at fair value or amounts that approximate fair value. The carrying value of financial instruments as of December 31 were:

	2003	2002
Assets:		
Fixed maturity securities (1)	$ 2,157,127	$ 1,856,732
Equity securities (1)	82,469	105,430
Trading account securities (1)	26,186	21,949
Limited partnerships (2)	11,880	12,150
Policy loans on insurance contracts (3)	1,086,537	1,143,663
Cash and cash equivalents (4)	75,429	312,217
Separate Accounts assets (5)	10,736,343	9,079,285
Total financial instruments	$14,175,971	$12,531,426

(1) For publicly traded securities, the estimated fair value is determined using quoted market prices. For securities without a readily ascertainable market value, the Company utilizes pricing services and broker quotes. Such estimated fair values do not necessarily represent the values for which these securities could have been sold at the dates of the balance sheets. At December 31, 2003 and 2002, securities without a readily ascertainable market value, having an amortized cost of $262,302 and $292,466, had an estimated fair value of $270,731 and $283,064, respectively.

(2) The Company has investments in three limited partnerships that do not have readily ascertainable market values. Management has estimated the fair value as equal to cost based on the review of the underlying investments of the partnerships.

(3) The Company estimates the fair value of policy loans as equal to the book value of the loans. Policy loans are fully collateralized by the account value of the associated insurance contracts, and the spread between the

policy loan interest rate and the interest rate credited to the account value held as collateral is fixed.

(4) The estimated fair value of cash and cash equivalents approximates the carrying value.

(5) Assets held in Separate Accounts are carried at the net asset value provided by the fund managers.

G-13

NOTE 4. INVESTMENTS

The amortized cost and estimated fair value of investments in fixed maturity securities and equity securities (excluding trading account securities) as of December 31 were:

	2003		
	Cost / Amortized Cost	Gross Unrealized Gains	Unr L
Fixed maturity securities:			
Corporate debt securities	$ 2,003,958	$ 59,352	$
U.S. Government and agencies	69,346	1,752	
Mortgage-backed securities	18,999	1,329	
Foreign governments	11,953	345	
Municipals	4,054	141	
Total fixed maturity securities	$ 2,108,310	$ 62,919	$
Equity securities:			
Non-redeemable preferred stocks	$ 78,816	$ 3,916	$

	2002		
	Cost / Amortized Cost	Gross Unrealized Gains	G Unre Lo
Fixed maturity securities:			
Corporate debt securities	$ 1,705,862	$ 49,304	$
U.S. Government and agencies	74,309	2,706	
Mortgage-backed securities	38,581	2,711	
Foreign governments	12,955	300	
Municipals	12,370	343	
Total fixed maturity securities	$ 1,844,077	$ 55,364	$

Equity securities:			
Non-redeemable preferred stocks	$ 112,903	$ 1,395	$

Estimated fair value and gross unrealized losses by length of time that certain fixed maturity and equity securities have been in a continuous unrealized loss position at December 31, 2003 were:

G-14

	Less than 12 Months		More than 12 Months		
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimate Fair Val
Fixed Maturity Securities:					
Corporate debt securities	$365,765	$ 5,934	$ 93,749	$ 6,415	$ 459,5
U.S. Government and agencies	18,458	646	-	-	18,4
Foreign governments	7,873	1,106	-	-	7,8
Mortgage-backed securities	-	-	93	1	
Equity securities:					
Non-redeemable preferred stocks	-	-	6,909	263	6,9
Total temporarily impaired securities	$392,096	$ 7,686	$ 100,751	$ 6,679	$ 492,8

Unrealized losses primarily relate to corporate debt securities rated BBB or higher and are due to price fluctuations as a result of changes in interest rates. These investments are not considered other-than-temporarily impaired since based on the most recent available information the Company has the ability and intent to hold the investments for a period of time sufficient for a forecasted market price recovery up to or beyond the amortized cost of the investment.

Realized investment losses on securities deemed to have incurred other-than-temporary declines in fair value were $9,139, $23,997 and $11,153 for the years ended December 31, 2003, 2002, and 2001 respectively.

The amortized cost and estimated fair value of fixed maturity securities at December 31, 2003 by contractual maturity were:

	Amortized Cost	Estimated Fair Value
Fixed maturity securities:		
Due in one year or less	$ 201,721	$ 204,855
Due after one year through five years	1,302,540	1,332,162
Due after five years through ten years	430,129	444,803

Due after ten years	154,921	154,980
	2,089,311	2,136,800
Mortgage-backed securities	18,999	20,327
Total fixed maturity securities	$2,108,310	$2,157,127

Fixed maturity securities not due at a single maturity date have been included in the preceding table in the year of final maturity. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

The amortized cost and estimated fair value of fixed maturity securities at December 31, 2003 by rating agency equivalent were:

	Amortized Cost	Estimated Fair Value
AAA	$ 445,444	$ 452,068
AA	225,214	225,586
A	633,833	648,769
BBB	703,750	732,823
Non-investment grade	100,069	97,881
Total fixed maturity securities	$2,108,310	$2,157,127

The Company has recorded certain adjustments to deferred policy acquisition costs and policyholders' account balances in connection with unrealized holding gains or losses on investments classified as available-for-sale. The Company adjusts those assets and liabilities as if the unrealized holding gains or losses had actually been realized, with corresponding credits or charges reported in accumulated other comprehensive income (loss), net of taxes. The components of net unrealized gains (losses) included in accumulated other comprehensive income (loss) at December 31 were as follows:

	2003	2002
Assets:		
Fixed maturity securities	$ 48,817	$ 12,655
Equity securities	3,653	(7,473)
Deferred policy acquisition costs	260	3,715
Separate Accounts assets	(341)	(3,244)

	52,389	5,653
Liabilities:		
Policyholders' account balances	34,750	41,052
Federal income taxes - deferred	6,174	(12,389)
	40,924	28,663
Stockholder's equity:		
Accumulated other comprehensive income (loss)	$ 11,465	$(23,010)

Proceeds and gross realized investment gains and losses from the sale of available-for-sale securities for the years ended December 31 were:

	2003	2002	2001
Proceeds	$312,514	$817,498	$278,420
Gross realized investment gains	13,380	37,899	4,913
Gross realized investment losses	16,071	48,294	17,320

The Company considers fair value at the date of sale to be equal to proceeds received. Proceeds received for gross realized investment losses from the sale of available-for-sale securities were $65,451, $140,742 and $60,640 for the years ended December 31, 2003, 2002, and 2001, respectively.

The Company had investment securities with a carrying value of $25,570 and $26,307 that were deposited with insurance regulatory authorities at December 31, 2003 and 2002, respectively.

Excluding investments in U.S. Government and agencies, the Company is not exposed to any significant concentration of credit risk in its fixed maturity securities portfolio.

G-16

Net investment income arose from the following sources for the years ended December 31:

	2003	2002	2001
Fixed maturity securities	$ 107,940	$ 128,962	$ 139,285
Equity securities	9,162	12,624	15,303
Real estate held-for-sale	-	3,220	924
Limited partnerships	28	24	39
Policy loans on insurance contracts	58,157	61,390	62,695
Cash and cash equivalents	2,155	2,912	7,578
Other	233	1,200	335
Gross investment income	177,675	210,332	226,159
Less investment expenses	(3,013)	(3,268)	(4,287)

Net investment income	$ 174,662	$ 207,064	$ 221,872

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

	2003	2002	2001
Fixed maturity securities	$ (1,167)	$(11,416)	$(12,035)
Equity securities	(395)	1,021	(372)
Trading account securities	3,678	(2,143)	(1,437)
Real estate held-for-sale	-	3,453	-
Investment in Separate Accounts	(1,129)	29	-
Net realized investment gains (losses)	$ 987	$ (9,056)	$(13,844)

The Company maintains a trading portfolio comprised of convertible debt and equity securities. The net unrealized holdings gains (losses) on trading account securities included in net realized investment gains (losses) were $1,663, ($515) and $462 at December 31, 2003, 2002 and 2001, respectively.

NOTE 5. FEDERAL INCOME TAXES

The following is a reconciliation of the provision for income taxes based on earnings before Federal income taxes, computed using the Federal statutory tax rate, versus the reported provision for income taxes for the years ended December 31:

	2003	2002	2001
Provision for income taxes computed at Federal statutory rate	$ 19,264	$ 21,401	$ 41,416
Increase (decrease) in income taxes resulting from:			
Dividend received deduction	(3,478)	(7,782)	(1,024)
Foreign tax credit	(2,172)	(31)	(310)
Non-deductible fees	-	-	521
Federal income tax provision	$ 13,614	$ 13,588	$ 40,603

The Federal statutory rate for each of the three years ended December 31, 2003 was 35%.

The Company provides for deferred income taxes resulting from temporary differences that arise from recording certain transactions in different years for income tax reporting purposes than for financial reporting purposes. The sources of these differences and the tax effect of each are as follows:

	2003	2002	2001
Policyholders' account balances	$(45,837)	$ 72,680	$ 19,520
Deferred policy acquisition costs	(8,582)	(18,789)	(2,336)
Liability for guaranty fund assessments	29	430	630
Investment adjustments	488	980	61
Deferred Federal income tax provision (benefit)	$(53,902)	$ 55,301	$ 17,875

Deferred tax assets and liabilities as of December 31 are determined as follows:

	2003	2002
Deferred tax assets:		
Policyholders' account balances	$ 66,815	$ 20,978
Liability for guaranty fund assessments	2,498	2,527
Investment adjustments	985	1,473
Net unrealized investment loss on investment securities	-	12,389
Total deferred tax assets	70,298	37,367
Deferred tax liabilities:		
Deferred policy acquisition costs	92,101	100,683
Net unrealized gains on investment securities	6,174	-
Other	3,988	3,988
Total deferred tax liabilities	102,263	104,671
Net deferred tax liability	$ 31,965	$ 67,304

The Company anticipates that all deferred tax assets will be realized; therefore no valuation allowance has been provided.

NOTE 6. REINSURANCE

In the normal course of business, the Company seeks to limit its exposure to loss on any single insured life and to recover a portion of benefits paid by ceding reinsurance to other insurance enterprises or reinsurers under indemnity reinsurance agreements, primarily excess coverage and coinsurance agreements. The maximum amount of mortality risk retained by the Company is approximately $500 on single life policies and $750 on joint life policies.

Indemnity reinsurance agreements do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company. The Company regularly evaluates the financial condition of its reinsurers so as to minimize its exposure to significant losses from reinsurer insolvencies. The Company holds collateral under reinsurance agreements in the form of letters of credit and funds withheld totaling $585 that can be drawn upon for delinquent reinsurance recoverables.

As of December 31, 2003 the Company had the following life insurance inforce:

	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount assumed to net
Life insurance inforce	$11,931,195	$3,606,160	$994	$8,326,029	0.01%

The Company had entered into an indemnity reinsurance agreement with an unaffiliated insurer whereby the Company coinsures, on a modified coinsurance basis, 50% of the unaffiliated insurer's variable annuity contracts sold through the Merrill Lynch & Co. distribution system. During 2001, the agreement was amended whereby the Company ceased reinsuring variable annuity contracts sold subsequent to June 30, 2001.

In addition, the Company seeks to limit its exposure to guaranteed features contained in certain variable annuity contracts. Specifically, the Company reinsures certain guaranteed living and minimum death benefit provisions to the extent reinsurance capacity is available in the marketplace. As of December 31, 2003, 100% and 11% of the account value for variable annuity contracts containing guaranteed living and minimum death benefit provisions, respectively, were reinsured.

NOTE 7. RELATED PARTY TRANSACTIONS

The Company and MLIG are parties to a service agreement whereby MLIG has agreed to provide certain accounting, data processing, legal, actuarial, management, advertising and other services to the Company. Expenses incurred by MLIG in relation to this service agreement are reimbursed by the Company on an allocated cost basis. Charges billed to the Company by MLIG pursuant to the agreement were $33,518, $34,428 and $51,392 for 2003, 2002 and 2001, respectively. Charges attributable to this agreement are included in insurance expenses and taxes, except for investment related expenses, which are included in net investment income. The Company is allocated interest expense on its accounts payable to MLIG that approximates the daily Federal funds rate. Total intercompany interest incurred was $197, $125 and $639 for 2003, 2002 and 2001, respectively. Intercompany interest is included in net investment income.

The Company and Merrill Lynch Investment Managers, L.P. ("MLIM") are parties to a service agreement whereby MLIM has agreed to provide certain invested asset management services to the Company. The Company pays a fee to MLIM for these services through the MLIG service agreement. Charges attributable to this agreement and allocated to the Company by MLIG were

$1,845, $1,787 and $1,990 for 2003, 2002 and 2001, respectively.

MLIG has entered into agreements with MLIM and Roszel Advisors, LLC, a subsidiary of MLIG (collectively, "Affiliated Investment Advisors"), with respect to administrative services for the Merrill Lynch Series Fund, Inc., Merrill Lynch Variable Series Funds, Inc., Mercury Variable Trust, and MLIG Variable Insurance Trust (collectively, "the Funds"). Certain Separate Accounts of the Company may invest in the various mutual fund portfolios of the Funds in connection with the variable life insurance and annuity contracts the Company has inforce. Under these agreements, the Affiliated Investment Advisors pay MLIG an amount equal to a percentage of the assets invested in the Funds through the Separate Accounts. Revenue attributable to these agreements is included in policy charge revenue. The Company received from MLIG its allocable share of such compensation in the amount of $18,471, $19,677 and $21,667 during 2003, 2002 and 2001, respectively.

The Company has a general agency agreement with Merrill Lynch Life Agency Inc. ("MLLA") whereby registered representatives of MLPF&S, who are the Company's licensed insurance agents, solicit applications for contracts to be issued by the Company. MLLA is paid commissions for the contracts sold by such agents. Commissions paid to MLLA were $60,686, $43,099 and $65,021 for 2003, 2002 and 2001, respectively. Substantially all of these commissions were capitalized as deferred policy acquisition costs and are being amortized in accordance with the policy discussed in Note 1 to the Financial Statements.

While management believes that the service agreements referenced above are calculated on a reasonable basis, they may not necessarily be indicative of the costs that would have been incurred with an unrelated third party. Affiliated agreements generally contain reciprocal indemnity provisions pertaining to each party's representations and contractual obligations thereunder.

NOTE 8. STOCKHOLDER'S EQUITY AND STATUTORY REGULATIONS

The Company paid no dividend in 2003 or 2001. During 2002, the Company paid an ordinary cash dividend of $30,899 to MLIG.

During 2002, the Company established $144,000 in statutory reserves to support its cashflow testing analysis required by state insurance regulation. As a result, statutory capital and surplus was significantly reduced from December 2001, but remained in excess of regulatory capital requirements. However, due to the inherent volatility in statutory earnings, the Company received a $50,000 capital contribution from MLIG on March 3, 2003.

Statutory capital and surplus at December 31, 2003 and 2002, were $295,722 and $136,823, respectively. At December 31, 2003 and 2002, approximately $29,322 and $13,432, respectively, of stockholder's equity was available for distribution to MLIG.

Applicable insurance department regulations require that the Company report its accounts in accordance with statutory accounting practices. Statutory accounting practices differ from principles utilized in these financial statements as follows: policy acquisition costs are expensed as incurred, future policy benefit reserves are established using different actuarial assumptions, provisions for deferred income taxes are limited to temporary differences that will be recognized within one year, and securities are valued on a different basis. The Company's statutory net income (loss) for 2003, 2002 and 2001 was $98,570, ($140,955) and $48,108, respectively. The statutory net loss incurred during 2002 was primarily due to establishing additional policy benefit reserves required by state insurance regulation.

The Company's statutory financial statements are presented on the basis of accounting practices prescribed or permitted by the Arkansas Insurance Department. The State of Arkansas has adopted the National Association of Insurance Commissioner's statutory accounting practices as a component of prescribed or permitted practices by the State of Arkansas.

The National Association of Insurance Commissioners utilizes the Risk Based Capital ("RBC") adequacy monitoring system. The RBC calculates the amount of adjusted capital that a life insurance company should have based upon that company's risk profile. As of December 31, 2003 and 2002, based on the RBC formula, the Company's total adjusted capital level was in excess of the minimum amount of capital required to avoid regulatory action.

NOTE 9. COMMITMENTS AND CONTINGENCIES

State insurance laws generally require that all life insurers who are licensed to transact business within a state become members of the state's life insurance guaranty association. These associations have been established for the protection of policyholders from loss (within specified limits) as a result of the insolvency of an insurer. At the time an insolvency occurs, the guaranty association assesses the remaining members of the association an amount sufficient to satisfy the insolvent insurer's policyholder obligations (within specified limits). The Company has utilized public information to estimate what future assessments it will incur as a result of insolvencies. At December 31, 2003 and 2002, the Company's estimated liability for future guaranty fund assessments was $7,139 and $7,221, respectively. If additional future insolvencies occur, the Company's estimated liability may not be sufficient to fund these insolvenicies and the estimated liability may need to be adjusted. The Company regularly monitors public information regarding insurer insolvencies and adjusts its estimated liability appropriately.

During 2000, the Company committed to participate in a limited partnership. As of December 31, 2003, $4,300 had been advanced towards the Company's $10,000 commitment to the limited partnership.

In the normal course of business, the Company is subject to various claims and assessments. Management believes the settlement of these matters would not have a material effect on the financial position or results of operations of the Company.

NOTE 10. SEGMENT INFORMATION

In reporting to management, the Company's operating results are categorized into two business segments: Life Insurance and Annuities. The Company's Life Insurance segment consists of variable life insurance products and interest-sensitive life insurance products. The Company's Annuity segment consists of variable annuities and interest-sensitive annuities. The accounting policies of the business segments are the same as those described in the summary of significant accounting policies. All revenue and expense transactions are recorded at the product level and accumulated at the business segment level for review by management. The

"Other" category, presented in the following segment financial information, represents net revenues and earnings on assets that do not support life or annuity contract owner liabilities.

The following table summarizes each business segment's contribution to the consolidated amounts:

2003	Life Insurance	Annuities	Other	Total
Net interest spread (a)	$ 14,823	$ 25,887	$ 4,994	$ 45,704
Other revenues	91,176	134,868	3,821	229,865
Net revenues	105,999	160,755	8,815	275,569
Policy benefits	18,238	46,393	-	64,631
Reinsurance premium ceded	21,337	1,262	-	22,599
Amortization of deferred policy acquisition costs	31,467	44,935	-	76,402
Other non-interest expenses	8,192	48,706	-	56,898
Total non-interest expenses	79,234	141,296	-	220,530
Net earnings before Federal income tax provision	26,765	19,459	8,815	55,039
Federal income tax provision	5,778	4,751	3,085	13,614
Net earnings	$ 20,987	$ 14,708	$ 5,730	$ 41,425
Balance Sheet Information:				
Total assets	$ 5,036,572	$ 9,438,256	$ 172,720	$14,647,548
Deferred policy acquisition costs	178,918	185,496	-	364,414
Policyholder liabilities and accruals	1,916,761	1,072,894	-	2,989,655
Other policyholder funds	6,213	6,702	-	12,915

2002	Life Insurance	Annuities	Other	Total
Net interest spread (a)	$ 24,791	$ 34,444	$ 6,456	$ 65,691
Other revenues	98,435	137,513	(5,974)	229,974
Net revenues	123,226	171,957	482	295,665

Policy benefits	19,632	38,428	-	58,060
Reinsurance premium ceded	22,883	248	-	23,131
Amortization of deferred policy acquisition costs	41,190	59,928	-	101,118
Other non-interest expenses	7,602	44,608	-	52,210
Total non-interest expenses	91,307	143,212	-	234,519
Net earnings before Federal income tax provision	31,919	28,745	482	61,146
Federal income tax provision	8,734	4,685	169	13,588
Net earnings	$ 23,185	$ 24,060	$ 313	$ 47,558
Balance Sheet Information:				
Total assets	$ 4,970,748	$ 8,110,326	$ 14,820	$13,095,894
Deferred policy acquisition costs	211,999	192,221	-	404,220
Policyholder liabilities and accruals	2,005,718	1,176,850	-	3,182,568
Other policyholder funds	4,995	6,820	-	11,815

G-22

2001	Life Insurance	Annuities	Other	Total
Net interest spread (a)	$ 34,815	$ 31,302	$ 2,644	$ 68,761
Other revenues	101,685	139,727	(1,419)	239,993
Net revenues	136,500	171,029	1,225	308,754
Policy benefits	21,320	16,453	-	37,773
Reinsurance premium ceded	24,531	4	-	24,535
Amortization of deferred policy acquisition costs	30,913	28,422	-	59,335
Other non-interest expenses	18,415	50,398	-	68,813
Total non-interest expenses	95,179	95,277	-	190,456
Net earnings before Federal income tax provision	41,321	75,752	1,225	118,298
Federal income tax provision	15,502	24,672	429	40,603
Net earnings	$ 25,819	$ 51,080	$ 796	$ 77,695

Balance Sheet Information:

Total assets	$ 5,674,704	$ 9,625,104	$ 150,208	$15,450,016
Deferred policy acquisition costs	251,245	219,693	-	470,938
Policyholder liabilities and accruals	2,094,195	1,256,616	-	3,350,811
Other policyholder funds	9,236	5,003	-	14,239

(a) Management considers investment income net of interest credited to policyholders' account balances in evaluating results.

The table below summarizes the Company's net revenues by product for 2003, 2002 and 2001:

	2003	2002	2001
Life Insurance			
Variable life insurance	$ 97,002	$102,603	$110,842
Interest-sensitive life insurance	8,997	20,623	25,658
Total Life Insurance	105,999	123,226	136,500
Annuities			
Variable annuities	139,577	139,210	152,427
Interest-sensitive annuities	21,178	32,747	18,602
Total Annuities	160,755	171,957	171,029
Other	8,815	482	1,225
Total	$275,569	$295,665	$308,754

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G-23

PART C
OTHER INFORMATION

ITEM 24. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements
- (1) Financial Statements of Merrill Lynch Life Variable Annuity Separate Account C as of December 31, 2003 and for the two years ended December 31, 2003 and the Notes relating thereto appear in the Statement of Additional Information.
- (2) Financial Statements of Merrill Lynch Life Insurance Company for the three years ended December 31, 2003 and the Notes relating thereto appear in the Statement of Additional Information.

(b) Exhibits

(1) Resolution of the Board of Directors of Merrill Lynch Life Insurance Company establishing the Merrill Lynch Life Variable Annuity Separate Account C. (Incorporated by Reference to Registrant's Registration Statement on Form N-4, Registration No. 333-73544 Filed November 16, 2001.)

(2) Not Applicable.

(3) Form of Underwriting Agreement Between Merrill Lynch Life Insurance Company and Merrill Lynch, Pierce, Fenner & Smith Incorporated. (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form N-4, Registration No. 333-73544 Filed May 31, 2002.)

(4) (a) Form of Contract for the Flexible Premium Individual Deferred Variable Annuity. (Incorporated by Reference to Registrant's Registration Statement on Form N-4, Registration No. 333-73544 Filed November 16, 2001.)

(b) Individual Retirement Annuity Endorsement. (Incorporated by Reference to Merrill Lynch Life Variable Annuity Separate Account A's Registration Statement on Form N-4, Registration No. 333-90243 filed November 3, 1999.)

(c) Tax Sheltered Annuity Endorsement. (Incorporated by Reference to Registrant's Registration Statement on Form N-4, Registration No. 333-73544 Filed November 16, 2001.)

(d) Estate Enhancer Death Benefit Enhancement Rider. (Incorporated by Reference to Merrill Lynch Life Variable Annuity Separate Account A's Post-Effective Amendment No. 2 to Form N-4, Registration No. 333-90243 Filed July 24, 2001.)

(e) Death Benefit Endorsement ML056. (Incorporated by Reference to Merrill Lynch Life Variable Annuity Separate Account A's Registration Statement on Form N-4, Registration No. 333-63904 Filed June 26, 2001.)

(f) Death Benefit Endorsement ML067. (Incorporated by Reference to Registrant's Registration Statement on Form N-4, Registration No. 333-73544 Filed November 16, 2001.)

(g) Qualified Plan Endorsement. (Incorporated by Reference to Registrant's Registration Statement on Form N-4, Registration No. 333-73544 Filed November 16, 2001.)

(5) Form of Application for the Flexible Premium Individual Deferred Variable Annuity. (Incorporated by Reference to Registrant's Registration Statement on Form N-4, Registration No. 333-73544 Filed November 16, 2001.)

(6) (a) Articles of Amendment, Restatement and Redomestication of the Articles of Incorporation of Merrill Lynch Life Insurance Company. (Incorporated by Reference to Merrill Lynch Life Variable Annuity Separate Account A's Post-Effective Amendment No. 10 to Form N-4, Registration No. 33-43773 Filed December 10, 1996.)

(b) Amended and Restated By-Laws of Merrill Lynch Life Insurance Company. (Incorporated by Reference to Merrill Lynch Life Variable Annuity Separate Account A's Post-Effective Amendment No. 10 to Form N-4, Registration No. 33-43773 Filed December 10, 1996.)

(7) Not Applicable.

(8) (a) Amended General Agency Agreement. (Incorporated by Reference to Merrill Lynch Life Variable Annuity Separate Account A's Post-Effective Amendment No. 5 to Form N-4, Registration

No. 33-43773 Filed April 28, 1994.)

(b) Indemnity Agreement Between Merrill Lynch Life Insurance Company and Merrill Lynch Life Agency, Inc. (Incorporated by Reference to Merrill Lynch Life Variable Annuity Separate Account A's Post-Effective Amendment No. 10 to Form N-4, Registration No. 33-43773 Filed December 10, 1996.)

(c) Agreement Between Merrill Lynch Life Insurance Company and Merrill Lynch Variable Series Funds, Inc. Relating to Maintaining Constant Net Asset Value for the Domestic Money Market Fund. (Incorporated by Reference to Merrill Lynch Life Variable Annuity Separate Account A's Post-Effective Amendment No. 10 to Form N-4, Registration No. 33-43773 Filed December 10, 1996.)

(d) Agreement Between Merrill Lynch Life Insurance Company and Merrill Lynch Variable Series Funds, Inc. Relating to Valuation and Purchase Procedures. (Incorporated by Reference to Merrill Lynch Life Variable Annuity Separate Account A's Post Effective Amendment No. 10 to Form N-4, Registration No. 33-43773 Filed December 10, 1996.)

(e) Amended Service Agreement Between Merrill Lynch Life Insurance Company and Merrill Lynch Insurance Group, Inc. (Incorporated by Reference to Merrill Lynch Life Variable Annuity Separate Account A's Post-Effective Amendment No. 5 to Form N-4, Registration No. 33-43773 Filed April 28, 1994.)

(f) Reimbursement Agreement Between Merrill Lynch Asset Management, L.P. and Merrill Lynch Life Agency, Inc. (Incorporated by Reference to Merrill Lynch Life Variable Annuity Separate Account A's Post-Effective Amendment No. 10 to Form N-4, Registration No. 33-43773 Filed December 10, 1996.)

(g) Form of Participation Agreement Between Merrill Lynch Variable Series Funds, Inc. and Merrill Lynch Life Insurance Company. (Incorporated by Reference to Merrill Lynch Life Variable Annuity Separate Account A's Post-Effective Amendment No. 10 to Form N-4, Registration No. 33-43773 Filed December 10, 1996.)

(h) Amendment to the Participation Agreement Between Merrill Lynch Variable Series Funds, Inc. and Merrill Lynch Life Insurance Company. (Incorporated by Reference to Merrill Lynch Life Variable Annuity Separate Account A's Registration Statement on Form N-4, Registration No. 333-90243 Filed November 3, 1999.)

(9) Opinion of Barry G. Skolnick, Esq. and Consent to its use as to the legality of the securities being registered. (Incorporated by Reference to Registrant's Pre-Effective Amendment No. 1 to Form N-4, Registration No. 333-73544 Filed May 31, 2002.)

(10) (a) Written Consent of Sutherland Asbill & Brennan LLP.

(b) Written Consent of Deloitte & Touche LLP, independent auditors.

(c) Written Consent of Barry G. Skolnick, Esq.

(11) Not Applicable.

(12) Not Applicable.

(13) (a) Power of Attorney from Barry G. Skolnick. (Incorporated by Reference to Merrill Lynch Life Variable Annuity Separate Account A's Post-Effective Amendment No. 4 to Form N-4, Registration No. 33-43773 Filed March 2, 1994.)

(b) Power of Attorney from Nikos K. Kardassis. (Incorporated by Reference to Merrill Lynch Life Variable Annuity Separate Account A's Pre-Effective Amendment No. 1 to Form N-4, Registration No. 333-63904 Filed September 7, 2001.)

C-2

(c) Power of Attorney from H. McIntyre Gardner. (Incorporated by Ref Variable Annuity Separate Account A's Registration Statement on 333-63904 Filed June 26, 2001.)

(d) Power of Attorney from Christopher J. Grady. (Incorporated by Re Variable Annuity Separate Account A's Registration Statement on 333-63904 Filed June 26, 2001.)

(e) Power of Attorney from Deborah J. Adler. (Incorporated by Refere Annuity Separate Account A's Post-Effective Amendment No. 6 to 333-90243 Filed April 22, 2003.)

(f) Power of Attorney from Joseph E. Justice. (Incorporated by Refer Variable Annuity Separate Account A's Post-Effective Amendment No. 333-90243 Filed April 22, 2003.)

ITEM 25. DIRECTORS AND OFFICERS OF THE DEPOSITOR*

NAME	PRINCIPAL BUSINESS ADDRESS	POSITION WITH DEPOSITOR
Deborah J. Adler............	1300 Merrill Lynch Drive, 2nd Floor Pennington, New Jersey 08534	Director, Senior Vice Presiden and Chief Actuary.
H. McIntyre Gardner.........	4 World Financial Center New York, NY 10080	Director and Chairman of the Board.
Christopher J. Grady........	800 Scudders Mill Road -- 3D Plainsboro, New Jersey 08536	Director and Senior Vice President.
Joseph E. Justice...........	1300 Merrill Lynch Drive, 2nd Floor Pennington, New Jersey 08534	Director, Senior Vice Presiden Chief Financial Officer, and Treasurer.
Nikos K. Kardassis..........	800 Scudders Mill Road -- 3D Plainsboro, New Jersey 08536	Director, President and Chief Executive Officer.
Barry G. Skolnick...........	1300 Merrill Lynch Drive, 2nd Floor Pennington, New Jersey 08534	Director, Senior Vice Presiden and General Counsel.
Andrew J. Bucklee...........	1300 Merrill Lynch Drive, 2nd Floor Pennington, New Jersey 08534	Senior Vice President.
Brian H. Buckley............	1300 Merrill Lynch Drive, 2nd Floor Pennington, New Jersey 08534	Vice President and Senior Coun
Toni DeChiara...............	1300 Merrill Lynch Drive, 2nd Floor Pennington, New Jersey 08534	Vice President.
Alison Denis................	800 Scudders Mill Road -- 3D Plainsboro, New Jersey 08536	Senior Vice President.
Edward W. Diffin, Jr........	1300 Merrill Lynch Drive, 2nd Floor Pennington, New Jersey 08534	Vice President and Senior Coun
Scott Edblom................	1300 Merrill Lynch Drive, 2nd Floor Pennington, New Jersey 08534	Vice President and Product Actuary.
Amy L. Ferrero..............	4804 Deer Lake Drive East Jacksonville, FL 32246	Senior Vice President, Administration.
Frances C. Grabish..........	1300 Merrill Lynch Drive, 2nd Floor Pennington, New Jersey 08534	Vice President and Senior Coun

Roger Helms................	1300 Merrill Lynch Drive, 2nd Floor Pennington, New Jersey 08534	Vice President.
Patrick Lusk...............	1300 Merrill Lynch Drive, 2nd Floor Pennington, New Jersey 08534	Vice President.
Robin A. Maston............	1300 Merrill Lynch Drive, 2nd Floor Pennington, New Jersey 08534	Vice President and Senior Compliance Officer.
Jane R. Michael............	4804 Deer Lake Drive East Jacksonville, FL 32246	Vice President.

NAME	PRINCIPAL BUSINESS ADDRESS	POSITION WITH DEPOSITOR
Terry L. Rapp..............	1300 Merrill Lynch Drive, 2nd Floor Pennington, New Jersey 08534	Vice President, Senior Complia Officer and Assistant Secretar
Concetta M. Ruggiero........	800 Scudders Mill Road -- 3D Plainsboro, New Jersey 08536	Senior Vice President.
Lori M. Salvo..............	1300 Merrill Lynch Drive, 2nd Floor Pennington, New Jersey 08534	Vice President, Senior Counsel and Director of Compliance.
Greta Rein Ulmer...........	1300 Merrill Lynch Drive, 2nd Floor Pennington, New Jersey 08534	Vice President and Senior Compliance Officer.
Kelley Woods...............	4804 Deer Lake Drive East Jacksonville, FL 32246	Vice President.
Connie F. Yost.............	1300 Merrill Lynch Drive, 2nd Floor Pennington, New Jersey 08534	Vice President and Controller.

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* Each director is elected to serve until the next annual shareholder meeting or until his or her successor is elected and shall have qualified.

ITEM 26. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH THE DEPOSITOR OR REGISTRANT.

Merrill Lynch Life Insurance Company is an indirect wholly owned subsidiary of Merrill Lynch & Co., Inc.

A list of subsidiaries of Merrill Lynch & Co., Inc. ("ML & Co.") appears below.

SUBSIDIARIES OF THE REGISTRANT

The following are subsidiaries of ML & Co. as of February 24, 2004 and the states or jurisdictions in which they are organized. Indentation indicates the principal parent of each subsidiary. Except as otherwise specified, in each case ML & Co. owns, directly or indirectly, at least 99% of the voting securities of each subsidiary. The names of particular subsidiaries have been omitted because, considered in the aggregate as a single subsidiary, they would not constitute, as of the end of the year covered by this report, a "significant subsidiary" as that term is defined in Rule 1.02(w) of the Regulation S-X under the Securities Exchange Act of 1934.

NAME	STATE OR JURISDICTION OF ENTITY
Merrill Lynch & Co., Inc.	Delaware
Merrill Lynch, Pierce, Fenner & Smith Incorporated (1)	Delaware
Merrill Lynch Life Agency Inc. (2)	Washington
Merrill Lynch Professional Clearing Corp. (3)	Delaware
Merrill Lynch Capital Services, Inc.	Delaware
Merrill Lynch Government Securities, Inc.	Delaware
Merrill Lynch Money Markets Inc.	Delaware
Merrill Lynch Group, Inc.	Delaware
Merrill Lynch Investment Managers Group Limited (4)	England
Merrill Lynch Investment Managers Holdings Limited	England
Merrill Lynch Investment Managers Limited	England
Fund Asset Management, L.P. (5)	Delaware
Merrill Lynch Investment Managers, L.P. (5)	Delaware
Merrill Lynch Investment Managers, LLC	Delaware
Merrill Lynch Alternative Investments LLC	Delaware
Merrill Lynch Bank & Trust Co.	New Jersey
Financial Data Services, Inc.	Florida
ML Mortgage Holdings Inc.	Delaware
Merrill Lynch Insurance Group, Inc.	Delaware
Merrill Lynch Life Insurance Company	Arkansas
ML Life Insurance Company of New York	New York
Roszel Advisors, LLC	Delaware
Merrill Lynch International Finance Corporation	New York
Merrill Lynch International Bank Limited	England
Merrill Lynch Bank (Suisse) S.A.	Switzerland
Merrill Lynch Group Holdings Limited	Ireland
Merrill Lynch Capital Markets Bank Limited	Ireland
Merrill Lynch Mortgage Capital Inc. (6)	Delaware
Merrill Lynch Trust Company, FSB	Federal
Merrill Lynch Fiduciary Services, Inc.	New York
MLDP Holdings, Inc.	Delaware
Merrill Lynch Derivatives Products AG	Switzerland
ML IBK Positions, Inc.	Delaware
Merrill Lynch Capital Corporation	Delaware
ML Leasing Equipment Corp. (7)	Delaware
Merrill Lynch Canada Holdings Company	Nova Scotia
Merrill Lynch Canada Finance Company	Nova Scotia
Merrill Lynch & Co., Canada Ltd.	Ontario
Merrill Lynch Canada Inc.	Canada
Merrill Lynch Bank USA	Utah
Merrill Lynch Bank USA Funding Corporation	Delaware
Merrill Lynch Business Financial Services Inc.	Delaware
Merrill Lynch Credit Corporation	Delaware
Merrill Lynch NJ Investment Corporation	New Jersey

NAME	STATE OR JURISDICTION OF ENTITY

Merrill Lynch Utah Investment Corporation............	Utah
Merrill Lynch Community Development Company, LLC......	New Jersey
Merrill Lynch Commercial Finance Corp.	Delaware
Merrill Lynch International Incorporated................	Delaware
Merrill Lynch (Australasia) Pty Limited...............	New South Wales, Australia
Merrill Lynch Finance (Australia) Pty Limited......	Victoria, Australia
Merrill Lynch International (Australia) Limited (8)...	New South Wales, Australia
Merrill Lynch International Holdings Inc.	Delaware
Merrill Lynch Bank and Trust Company (Cayman) Limited..	Cayman Islands, British West Indies
Merrill Lynch Capital Markets AG..................	Switzerland
Merrill Lynch Europe PLC..........................	England
Merrill Lynch Holdings Limited (9)...............	England
Merrill Lynch International (10)..............	England
Merrill Lynch Capital Markets Espana S.A. S.V.	Spain
Merrill Lynch (Singapore) Pte. Ltd. (11).........	Singapore
Merrill Lynch South Africa (Pty) Ltd. (12).........	South Africa
Merrill Lynch Mexico, S.A. de C.V., Casa de Bolsa..	Mexico
Merrill Lynch Argentina S.A.	Argentina
Merrill Lynch Pierce Fenner & Smith de Argentina S.A.F.M. y de M.................................	Argentina
Banco Merrill Lynch de Investimentos S.A.	Brazil
Merrill Lynch S.A.	Luxembourg
Merrill Lynch Europe Ltd.	Cayman Islands, British West Indies
Merrill Lynch France S.A.S.	France
Merrill Lynch Capital Markets (France) S.A.S. ...	France
Merrill Lynch, Pierce, Fenner & Smith S.A.S.	France
Merrill Lynch (Asia Pacific) Limited..............	Hong Kong
Merrill Lynch Far East Limited..................	Hong Kong
Merrill Lynch Japan Securities Co., Ltd.	Japan
Merrill Lynch Japan Finance Co., Ltd.	Japan

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(1) MLPF&S also conducts business as "Merrill Lynch & Co."

(2) Similarly named affiliates and subsidiaries that engage in the sale of insurance and annuity products are incorporated in various other jurisdictions.

(3) The preferred stock of the corporation is owned by an unaffiliated group of investors.

(4) Held through several intermediate holding companies.

(5) Princeton Services, Inc. is general partner and ML & Co. is limited partner.

(6) Held through several intermediate subsidiaries.

(7) This corporation has more than 32 direct or indirect subsidiaries operating in the United States and serving as either general partners or associate general partners of limited partnerships.

(8) Held through an intermediate subsidiary.

(9) Held through an intermediate subsidiary.

(10) Partially owned by another indirect subsidiary of ML & Co.

(11) Held through intermediate subsidiaries.

(12) Partially owned by another indirect subsidiary of ML & Co.

ITEM 27. NUMBER OF CONTRACTS

The number of Contracts in force as of March 19, 2004 was 498.

ITEM 28. INDEMNIFICATION

The following provisions regarding the Indemnification of Directors and Officers of the Registrant are applicable:

AMENDED AND RESTATED BY-LAWS OF MERRILL LYNCH LIFE INSURANCE COMPANY, ARTICLE VI

SECTIONS 1, 2, 3 AND 4 -- INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND INCORPORATORS

SECTION 1. ACTIONS OTHER THAN BY OR IN THE RIGHT OF THE CORPORATION. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer or employee of the Corporation, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

SECTION 2. ACTIONS BY OR IN THE RIGHT OF THE CORPORATION. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer or employee of the Corporation, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other Court shall deem proper.

SECTION 3. RIGHT TO INDEMNIFICATION. To the extent that a director, officer or employee of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

SECTION 4. DETERMINATION OF RIGHT TO INDEMNIFICATION. Any indemnification under Sections 1 and 2 of this Article (unless ordered by a Court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, or employee is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 and 2 of this Article. Such determination shall be made (i) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders.

BY-LAWS OF MERRILL LYNCH & CO., INC.,

SECTION 2 -- INDEMNIFICATION BY CORPORATION

Any persons serving as an officer, director or trustee of a corporation, trust, or other enterprise, including the Registrant, at the request of Merrill Lynch are entitled to indemnification from Merrill Lynch, to the fullest extent authorized or permitted by law, for liabilities with respect to actions taken or omitted by such

persons in any capacity in which such persons serve Merrill Lynch or such other corporation, trust, or other enterprise. Any action initiated by any such person for which indemnification is provided shall be approved by the Board of Directors of Merrill Lynch prior to such initiation.

OTHER INDEMNIFICATION

There is no indemnification of the principal underwriter, Merrill Lynch, Pierce, Fenner & Smith Incorporated, with respect to the Contract.

The indemnity agreement between Merrill Lynch Life Insurance Company ("Merrill Lynch Life") and its affiliate Merrill Lynch Life Agency Inc. ("MLLA"), with respect to MLLA's general agency responsibilities on behalf of Merrill Lynch Life and the Contract, provides:

> Merrill Lynch Life will indemnify and hold harmless MLLA and all persons associated with MLLA as such term is defined in Section 3(a) (21) of the Securities Exchange Act of 1934 against all claims, losses, liabilities and expenses, to include reasonable attorneys' fees, arising out of the sale by MLLA of insurance products under the above-referenced Agreement, provided that Merrill Lynch Life shall not be bound to indemnify or hold harmless MLLA or its associated persons for claims, losses, liabilities and expenses arising directly out of the willful misconduct or negligence of MLLA or its associated persons.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registration pursuant to the foregoing provisions or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue. There is no indemnification of the principal underwriter, Merrill Lynch, Pierce, Fenner & Smith Incorporated, with respect to the Contract.

ITEM 29. PRINCIPAL UNDERWRITERS

(a) Merrill Lynch, Pierce, Fenner & Smith Incorporated also acts as principal underwriter for the following additional funds: CBA Money Fund; CMA Government Securities Fund; CMA Money Fund; CMA Tax-Exempt Fund; CMA Treasury Fund; CMA Multi-State Municipal Series Trust; WCMA Money Fund; WCMA Government Securities Fund; WCMA Tax-Exempt Fund; WCMA Treasury Fund; The Merrill Lynch Fund of Stripped ("Zero") U.S. Treasury Securities; The Fund of Stripped ("Zero") U.S. Treasury Securities; Merrill Lynch Trust for Government Securities; MLIG Variable Insurance Trust; Municipal Income Fund; Municipal Investment Trust Fund; Defined Asset Funds; Corporate Income Fund; Government Securities Income Fund; Equity Investor Fund; and Preferred Income Strategies Fund, Inc.

Merrill Lynch, Pierce, Fenner & Smith Incorporated also acts as principal underwriter for the following additional accounts: ML of New York Variable Annuity Separate Account A; ML of New York Variable Annuity Separate Account B; ML of New York Variable Annuity Separate Account C; ML of New York Variable Annuity Separate Account D; Merrill Lynch Variable Life Separate Account; Merrill Lynch Life Variable Life Separate Account II; Merrill Lynch Life Variable Annuity Separate Account; Merrill Lynch Life Variable Annuity Separate Account A; Merrill Lynch Life Variable Annuity Separate Account B; Merrill Lynch Life Variable Annuity Separate Account D; ML of New York Variable Life Separate Account; ML of New York Variable Life Separate Account II and ML of New York Variable Annuity Separate Account.

(b) The directors, president, treasurer and executive vice presidents of Merrill Lynch, Pierce, Fenner & Smith Incorporated are as follows:

NAME AND PRINCIPAL BUSINESS ADDRESS	POSITIONS AND OFFICES WITH UNDERWRITER
Candace E. Browning	Director and Senior Vice President
Gregory J. Fleming	Director and Executive Vice President
James P. Gorman	Director, Chairman of the Board and Chief Executive Officer
Do Woo Kim	Director and Executive Vice President
Carlos M. Morales	Director and Senior Vice President
Rosemary T. Berkery	Executive Vice President
Ahmass L. Fakahany	Executive Vice President
Allen G. Braithwaite, III	Treasurer

Business address for all persons listed: 4 World Financial Center, New York, NY 10080.

(c) Not applicable

ITEM 30. LOCATION OF ACCOUNTS AND RECORDS

All accounts, books, and records required to be maintained by Section 31(a) of the 1940 Act and the rules promulgated thereunder are maintained by the depositor at the principal executive offices at 1300 Merrill Lynch Drive, 2nd Floor, Pennington, New Jersey 08534 and at the Service Center at 4804 Deer Lake Drive East, Jacksonville, Florida 32246.

ITEM 31. NOT APPLICABLE

ITEM 32. UNDERTAKINGS AND REPRESENTATIONS

(a) Registrant undertakes to file a post-effective amendment to the Registrant Statement as frequently as is necessary to ensure that the audited financial statements in the Registration Statement are never more than 16 months old for so long as payments under the variable annuity contracts may be accepted.

(b) Registrant undertakes to include either (1) as part of any application to purchase a contract offered by the prospectus, a space that an applicant can check to request a statement of additional information, or (2) a postcard or similar written communications affixed to or included in the prospectus that the applicant can remove to send for a statement of additional information.

(c) Registrant undertakes to deliver any statement of additional information and any financial statements required to be made available under this Form promptly upon written or oral request.

(d) Merrill Lynch Life Insurance Company hereby represents that the fees and charges deducted under the Contract, in the aggregate, are reasonable in relation to the services rendered, the expenses expected to be incurred, and the risks assumed by Merrill Lynch Life Insurance Company.

(e) Registrant hereby represents that it is relying on the American Council of Life Insurance (avail. Nov. 28, 1998) no-action letter with respect to Contracts used in connection with retirement plans meeting the requirements of Section 403(b) of the Internal Revenue Code, and represents further that it will comply with the provisions of paragraphs (1) through (4) set forth in that no-action letter.

C-9

SIGNATURES

As required by the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant, Merrill Lynch Life Variable Annuity Separate Account C, certifies that this Post-Effective Amendment meets all the requirements for effectiveness under paragraph (b) of Rule 485, and accordingly, has caused this Amendment to be signed on its behalf, in the Borough of Pennington, State of New Jersey, on this 18th day of May, 2004.

Merrill Lynch Life Variable
Annuity
Separate Account C
(Registrant)

Attest: /s/ EDWARD W. DIFFIN, JR.	By: /s/ BARRY G. SKOLNICK
Edward W. Diffin, Jr. Vice President and Senior Counsel	Barry G. Skolnick Senior Vice President and General Counsel

Merrill Lynch Life Insurance Company
(Depositor)

Attest: /s/ EDWARD W. DIFFIN, JR.	By: /s/ BARRY G. SKOLNICK
Edward W. Diffin, Jr. Vice President and Senior Counsel	Barry G. Skolnick Senior Vice President and General Counsel

As required by the Securities Act of 1933, this Post-Effective Amendment No. 3 to the Registration Statement has been signed below by the following persons in the capacities indicated on May 18, 2004.

SIGNATURE	TITLE
* Deborah J. Adler	Director, Senior Vice President, and Chief Actuary
* H. McIntyre Gardner	Director and Chairman of the Board
* Christopher J. Grady	Director and Senior Vice President
* Joseph E. Justice	Director, Senior Vice President, Chief Financial Officer, and Treasurer
* Nikos K. Kardassis	Director, President and Chief Executive Officer
*By: /s/ BARRY G. SKOLNICK Barry G. Skolnick	In his own capacity as Director, Senior Vice President, and General Counsel, and as Attorney-In-Fact

C-10

EXHIBIT LIST

(10) (a) Written Consent of Sutherland Asbill & Brennan LLP.
(b) Written Consent of Deloitte & Touche LLP, independent auditors.
(c) Written Consent of Barry G. Skolnick, Esq.