

MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C  
Form 485BPOS  
August 17, 2009

As filed with the Securities and Exchange Commission on August 17, 2009.

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. 8**

**and  
REGISTRATION STATEMENT UNDER THE  
INVESTMENT COMPANY ACT OF 1940  
Amendment No. 9**

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**MERRILL LYNCH LIFE VARIABLE  
ANNUITY SEPARATE ACCOUNT C  
(Exact Name of Registrant)**

**MERRILL LYNCH  
LIFE INSURANCE COMPANY  
(Name of Depositor)**

**4333 Edgewood Road, NE  
Cedar Rapids, IA 52499-0001  
(Address of Depositor's Principal Executive Offices)**

**Depositor's Telephone Number, including Area Code:  
(319) 355-8330**

*Name and Address of Agent for Service:*  
**Darin D. Smith  
4333 Edgewood Road, NE  
Cedar Rapids, IA 52499-0001**

*Copy to:*  
**Mary E. Thornton, Esq.  
Sutherland Asbill & Brennan LLP  
1275 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004-2415**

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

- immediately upon filing pursuant to paragraph (b) of Rule 485
- (date)  on \_\_\_\_\_ pursuant to paragraph (b) of Rule 485
- 60 days after filing pursuant to paragraph (a) (1) of Rule 485
- (date)  on \_\_\_\_\_ pursuant to paragraph (a) (1) of Rule 485

If appropriate, check the following box:

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

**Title of securities being registered:**

Units of interest in a separate account under flexible premium individual deferred variable annuity contracts.

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The Prospectus for the Merrill Lynch Life Variable Annuity Separate Account C Form N-4 Registration Statement (333-73544 and 811-10585) filed on April 29, 2008 is hereby incorporated by reference.

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**MERRILL LYNCH LIFE INSURANCE COMPANY**  
**Merrill Lynch Life Variable Annuity**  
**Separate Account C**  
**Supplement Dated August 17, 2009**  
**to the**  
**Prospectus For**  
**CONSULTS ANNUITY® (Dated May 1, 2008)**

This supplement describes changes to the variable annuity contracts listed above (the Contracts ) issued by Merrill Lynch Life Insurance Company. Please retain this supplement with your Prospectus for future reference.

***Liquidation of Portfolios***

We have been advised that the MLIG Variable Insurance Trust consisting of the following portfolios:

Roszel/AllianceBernstein Large Cap Core Portfolio	Roszel/Allianz NFJ Mid Cap Value Portfolio
Roszel/BlackRock Equity Dividend Portfolio	Roszel/BlackRock Fixed-Income Portfolio
Roszel/Cadence Mid Cap Growth Portfolio	Roszel/Davis Large Cap Value Portfolio
Roszel/Delaware Small-Mid Cap Growth Portfolio	Roszel/Fayez Sarofim Large Cap Core Portfolio
Roszel/JPMorgan International Equity Portfolio	Roszel/Lazard International Portfolio
Roszel/Lord Abbett Large Cap Value Portfolio	Roszel/Marsico Large Cap Growth Portfolio
Roszel/NWQ Small Cap Value Portfolio	Roszel/Santa Barbara Conservative Growth Portfolio

(the Liquidated Portfolios ) will liquidate on or about October 23, 2009 (the Liquidation Date ). Because of the liquidation, the subaccounts investing in the Liquidated Portfolios (the Liquidated Subaccounts ) will be closed effective as of the close of business on the Liquidation Date.

If you have given us allocation instructions for premium payments, transfers, or other purposes (for example, the Dollar Cost Averaging Program or Rebalancing Program) directing us to invest in the Liquidated Subaccounts, you will need to provide us with new instructions for amounts that would have otherwise gone into those Liquidated Subaccounts. If you are enrolled in the Dollar Cost Averaging Program or Rebalancing Program and we do not receive updated allocation instructions from you as of the Liquidation Date, then the Liquidated Subaccounts used in the programs will be replaced by the Money Market Subaccount on the Liquidation Date. If your premium allocation instructions include one or more Liquidated Subaccount, new allocation instructions must accompany the first premium payment after the Liquidation Date.

***Notice to Contract Owners***

Prior to the Liquidation Date, you may transfer any contract value allocated to the Liquidated Subaccounts to another subaccount. There is no charge for this transfer and it will not count against the number of free transfers permitted annually. The new portfolios available for investment represent a wide variety of investment objectives and strategies. Please see the section entitled Addition of Portfolios below for a list of the available portfolios. In addition, the prospectuses for each new portfolio, which contain information about its objectives, investment strategies, risks, fees, and expenses will accompany this supplement.

If you still have contract value allocated to the Liquidated Subaccounts on the Liquidation Date, shares of the Liquidated Portfolios held for you in the Liquidated Subaccounts will be exchanged for shares of the BlackRock Money Market V.I. Fund (the Money Market Portfolio ), of equal value on the Liquidation Date, and held in the BlackRock Money Market V.I. Subaccount (the Money Market Subaccount ). There is no charge for this exchange and it will not count against the number of free transfers permitted annually . The Money Market Portfolio seeks to maintain a stable net asset value (NAV) of \$1.00 per share. The Money Market Portfolio 's investment objective seeks to preserve capital, maintain liquidity, and achieve the highest possible current income. However, there can be no assurance that the Money Market Portfolio will be able to maintain a stable net asset value per share. During extended periods of low interest rates, and partly as a result of contract charges, the yield on the Money Market Portfolio subaccount may become extremely low and possibly negative.

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In May you received a new prospectus for the Money Market Portfolio which contains information about its objectives, investment strategies, risks, fees, and expenses. Please read it carefully. You may also call the number below to obtain additional copies of the prospectuses for the Money Market Portfolio or any of the new subaccounts available for investment. As mentioned above, if you would like to make a transfer directly from the Liquidated Subaccounts into one or more of the new portfolios available for investment, we must receive instructions from you prior to the Liquidation Date. Contact us at:

Merrill Lynch Life Insurance Company  
Service Center  
4333 Edgewood Road, NE  
Cedar Rapids, Iowa 52499-0001  
800-535-5549

***New Addresses and Phone Numbers***

*The following addresses and phone numbers replace all references in the Prospectus:*

Merrill Lynch Life Insurance Company  
Home Office: 425 West Capital Avenue  
Suite 1800 Little Rock, Arkansas 72201  
Service Center: 4333 Edgewood Road NE  
Cedar Rapids, Iowa 52499-0001  
Phone: (800) 535-5549

***New Date of the Statement of Additional Information***

The date of the Statement of Additional Information has changed to August 17, 2009. All references to the date of the Statement of Additional Information in the prospectus should be changed to this date.

***Addition of Portfolios***

*The following investment choices will be added to your Contract on or about August 24, 2009:*

**Transamerica Series Trust Service Class**

*Subadvised by American Century Investment Management, Inc.*

Transamerica American Century Large Company Value VP

*Subadvised by BlackRock Financial Management, Inc.*

Transamerica BlackRock Tactical Allocation VP

*Subadvised by BlackRock Investment Management, LLC*

Transamerica BlackRock Large Cap Value VP

*Subadvised by J.P. Morgan Investment Management Inc.*

Transamerica JPMorgan Mid Cap Value VP

Transamerica JPMorgan Enhanced Index VP

*Subadvised by Jennison Associates LLC*

Transamerica Jennison Growth VP

*Subadvised by MFS® Investment Management*

Transamerica MFS International Equity VP

*Subadvised by Columbia Management Advisors, LLC*

Transamerica Marsico Growth VP

*Subadvised by Pacific Investment Management Company LLC*

Transamerica PIMCO Total Return VP

*Subadvised by T. Rowe Price Associates, Inc.*

Transamerica T. Rowe Price Equity Income VP

Transamerica T. Rowe Price Small Cap VP

*Subadvised by Templeton Investment Counsel, LLC and  
Transamerica Investment Management, LLC*

Transamerica Templeton Global VP  
Transamerica Investment Management, LLC  
Transamerica Convertible Securities VP  
Transamerica Equity VP  
Transamerica Growth Opportunities VP  
Transamerica Small-Mid Cap Value VP  
Transamerica U.S. Government Securities VP

*Subadvised by Morgan Stanley Investment Management Inc.*

Transamerica Van Kampen Active International Allocation VP  
Transamerica Van Kampen Large Cap Core VP

*Subadvised by Van Kampen Asset Management*

Transamerica Van Kampen Mid-Cap Growth VP

Due to the liquidation of the Portfolios and the addition of these funds, the Consults Annuity<sup>®</sup> is no longer part of the Merrill Lynch, Pierce, Fenner and Smith Incorporated Consults Program. Thus, all references to this program in your Prospectus are hereby deleted.

*The following replaces, the FEE TABLE in the Prospectus:*

#### **FEE TABLE**

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

#### **Contract Owner Transaction Expenses**

Sales Load Imposed on Premiums	None
Contingent Deferred Sales Charge (as a % of premium withdrawn)	None
Transfer Fee <sup>1</sup>	\$25

The next table describes the fees and expenses that you will pay periodically during the time that you own the Contract, not including Fund fees and expenses. This table also includes the charges you would pay if you added optional riders to your Contract.

#### **Periodic Charges Other Than Fund Expenses**

Annual Contract Fee <sup>2</sup>	\$50
Separate Account Annual Expenses (as a % of average Separate Account value) Current and Maximum Asset-Based Insurance Charge <sup>3</sup>	1.85%
Additional Death Benefit Charge <sup>4</sup>	0.25%

The next table shows the Fund fees and expenses that you may pay periodically during the time that you own the Contract. The table shows the minimum and maximum total operating expenses of the Fund for the fiscal year ended December 31, 2008, before and after any contractual waivers and expense reimbursement. More detail concerning each Fund's fees and expenses is contained in the prospectus for each Fund.

<sup>1</sup> There is no charge for the first 12 transfers in a contract year. We currently do not, but may in the future, charge a

\$25 fee on all subsequent transfers.

2 The contract fee will be assessed annually at the end of each contract year and upon a full withdrawal only if the greater of contract value, or premiums less withdrawals, is less than \$75,000.

3 If your contract value is \$250,000 or greater on specified dates, a Contract Value Credit will be added to your contract value that effectively reduces the rate of this charge. This potential reduction is not reflected in the fee table.

4 An additional annual charge is assessed if the Estate Enhancer benefit was elected or was combined with either the Maximum Anniversary Value GMDB or Premiums Compounded at 5%GMDB. The



charge will be assessed at the end of each contract year based on the average of your contract values as of the end of each of the prior four contract quarters. We also impose a pro rata amount of this charge upon surrender, annuitization, death, or termination of the rider. We won't deduct this charge after the annuity date.

<b>Range of Expenses for the Funds<sup>5</sup></b>	<b>Minimum</b>	<b>Maximum</b>
<b>Total Annual Fund Operating Expenses</b> (total of all expenses that are deducted from Fund assets, including management fees, 12b-1 fees, and other expenses)	0.63%	7.86%

**Example**

This Example is intended to help you compare the cost of investing in the Contract with the cost of investing in other variable annuity contracts. These costs include Separate Account Annual Expenses, the Additional Death Benefit Charge, and Annual Fund Operating Expenses.

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

If you surrender, annuitize, or remain invested in the Contract at the end of the applicable time period:

Assuming the *maximum* fees and expenses of any Fund, your costs would be:

<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
\$972	\$2,774	\$4,402	\$7,818

Assuming the *minimum* fees and expenses of any Fund, your costs would be:

<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
\$277	\$849	\$1,448	\$3,067

Because there is no contingent deferred sales charge, you would pay the same expenses whether you surrender your Contract at the end of the applicable time period or not, based on the same assumptions.

The Example does not reflect the \$50 contract fee because, based on average contract size and withdrawals, its effect on the examples shown would be negligible. They assume that the Estate Enhancer benefit is elected and reflect the annual charge of 0.25% of the average contract value at the end of the four prior contract quarters. Contractual waivers and reimbursements are reflected in the first year of the example, but not in subsequent years. See the Charges and Discussions section in this Prospectus and the Fund prospectuses for a further discussion of fees and charges.

**The examples should not be considered a representation of past or future expenses or annual rates of return of any Fund. Actual expenses and annual rates of return may be more or less than those assumed for the purpose of the examples.**

Condensed financial information containing the accumulation unit value history appears at the end of this Prospectus Supplement.

<sup>5</sup> The Fund expenses used to prepare this table were provided to us by the Funds. We have not independently verified such information. The expenses shown are those incurred for the year ended

December 31,  
2008 or  
estimated for  
the current year.  
Current or  
future expenses  
may be greater  
or less than  
those shown.

Please contact the Service Center at (800)-535-5549 (Monday-Friday 8:30 a.m.-7:00 p.m. Eastern Time) to obtain an additional copy of the prospectus for any Fund available as an investment choice under the Contract.

We do not guarantee that each Fund will always be available for investment through the Contract. We reserve the right, subject to compliance with applicable laws, to add new portfolios or portfolio classes, close existing portfolios or portfolio classes to allocations of new premiums by existing owners or new Contract owners at any time, or substitute portfolio shares that are held by any subaccount for shares of a different portfolio. New or substitute portfolios or portfolio classes may have different fees and expenses and their availability may be limited to certain classes of purchasers. We will not add, delete or substitute any shares attributable to your interest in a subaccount without notice to you and prior approval of the SEC, to the extent required by the 1940 Act or other applicable law. *The following replaces the Certain Payments We Receive With Regard to the Funds section of the Prospectus:*

**Certain Payments We Receive With Regard to the Funds**

We receive payments from the investment adviser (or affiliates thereof) of the Funds. These payments may be used for a variety of purposes, including payment of expenses that we (and our affiliates) incur in promoting, marketing, and administering the Contract and, in our role as an intermediary, the Funds. We (and our affiliates) may profit from these payments. These payments may be derived, in whole or in part, from the investment advisory fee deducted from Fund assets. Contract owners, through their indirect investment in the Funds, bear the costs of these investment advisory fees. The amount of the payments we receive is based on a percentage of the assets of the particular Funds attributable to the Contract and to certain other variable insurance contracts that we and our affiliates issue. These percentages differ, and some advisers (or affiliates) may pay more than others. These percentages currently range from 0% to 0.25%.

*The following section is added to the Prospectus:*

**Financial Condition of the Company**

Many financial services companies, including insurance companies, have been facing challenges in this unprecedented economic and market environment, and we are not immune to those challenges. We know it is important for you to understand how these events may impact your account value and our ability to meet the guarantees under the Contract.

**Assets in the Separate Account.** You assume all of the investment risk for account value allocated to the subaccounts. Your account value in the subaccounts is part of the assets of the Separate Account. These assets are segregated and insulated from our general account, and may not be charged with liabilities arising from any other business that we may conduct. See The Separate Account.

**Assets in the General Account.** Any guarantees under the Contract that exceed your account value, such as those associated with any death benefit riders or living benefit riders, are paid from our general account (not the Separate Account). Therefore, any amounts that we may be obligated to pay under the Contract in excess of Account Value are subject to our financial strength and claims-paying ability and our long-term ability to make such payments. The assets of the Separate Account, however, are also available to cover the liabilities of our general account, but only to the extent that the Separate Account assets exceed the Separate Account liabilities arising under the Contracts supported by it. We issue other types of insurance policies and financial products as well and we pay our obligations under these products from our assets in the general account.

**Our Financial Condition.** As an insurance company, we are required by state insurance regulation to hold a specified amount of reserves in order to meet all the contractual obligations of our general account. In order to meet our claims-paying obligations, we monitor our reserves so that we hold sufficient amounts to cover actual or expected contract and claims payments. However, it is important to note that there is no guarantee that we will always be able to meet our claims paying obligations, and that there are risks to purchasing any insurance product.

State insurance regulators also require insurance companies to maintain a minimum amount of capital, which acts as a cushion in the event that the insurer suffers a financial impairment, based on the inherent risks in the insurer's operations. These risks include those associated with losses that we may incur as the result of defaults on the payment of interest or principal on our general account assets, which include bonds, mortgages, general real estate investments, and stocks, as well as the loss in market value of these investments.

**How to Obtain More Information.** We encourage both existing and prospective contract owners to read and understand our financial statements. We prepare our financial statements on both a statutory basis and according to Generally Accepted Accounting Principles (GAAP). Our audited GAAP financial statements, as well as the financial statements of the Separate Account, are located in the Statement of Additional Information. For a free copy of the

Statement of Additional Information, simply call or write us at the phone number or address of our Service Center referenced earlier in this Prospectus. In addition, the Statement of Additional Information is available on the SEC's website at <http://www.sec.gov>. For additional information about the Company, please see our Annual Report on Form 10-K, which is available on our website at [www.aegonins.com](http://www.aegonins.com).

*The following replaces, the Experts section of the Prospectus:*

**Experts**

The financial statements of Merrill Lynch Life Insurance Company as of December 31, 2008 and 2007, and for the years then ended, and the financial statements of the Merrill Lynch Life Variable Annuity Separate Account C as of December 31, 2008, have been audited by Ernst & Young LLP, an independent registered public accounting firm. Both financial statements are incorporated by reference in this Prospectus and included in the Statement of Additional Information and have been so included and incorporated by reference in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing. The principal business address of Ernst & Young LLP, is 801 Grand Avenue, Suite 3000, Des Moines, Iowa 50309.

The financial statements for the period ended December 31, 2006, incorporated by reference in this Prospectus and included in the Statement of Additional Information have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein and incorporated by reference. Such financial statements have been so included and incorporated by reference in reliance upon the report of such firm given upon their authority as experts in accounting and auditing. The principal business address of Deloitte & Touche LLP is Two World Financial Center, New York, New York 10281-1414

The following replaces, the ACCUMULATION UNIT VALUES section of the prospectus:

**ACCUMULATION UNIT VALUES**  
**(Condensed Financial Information)**

<u>Subaccount</u>	Year	Beginning AUV	Ending AUV	# Units
Roszel/Lord Abbett Large Cap Value Portfolio Subaccount Inception Date July 1, 2002	2008	\$16.53	\$10.70	327,888.5
	2007	\$16.23	\$16.53	424,072.5
	2006	\$13.98	\$16.23	522,344.4
	2005	\$13.92	\$13.98	647,042.7
	2004	\$12.59	\$13.92	881,868.7
	2003	\$9.87	\$12.59	842,418.5
	2002	\$10.00	\$9.87	561,445.4
Roszel/Davis Large Cap Value Portfolio Subaccount Inception Date July 1, 2002	2008	\$14.41	\$8.94	138,247.9
	2007	\$14.44	\$14.41	150,686.0
	2006	\$12.27	\$14.44	181,493.8
	2005	\$12.00	\$12.27	240,940.7
	2004	\$10.70	\$12.00	247,424.2
	2003	\$8.43	\$10.70	296,473.5
	2002	\$10.00	\$8.43	259,622.2
Roszel/BlackRock Equity Dividend Portfolio <sup>(1)</sup> Subaccount Inception Date July 1, 2002	2008	\$14.73	\$8.46	313,677.0
	2007	\$15.34	\$14.73	555,420.7
	2006	\$13.03	\$15.34	777,953.6
	2005	\$12.99	\$13.03	993,495.5
	2004	\$11.61	\$12.99	1,158,576.1
	2003	\$9.35	\$11.61	1,345,902.6
	2002	\$10.00	\$9.35	657,788.5
Roszel/Fayez Sarofim Large Cap Core Portfolio Subaccount Inception Date July 1, 2002	2008	\$13.87	\$8.90	125,116.3
	2007	\$13.02	\$13.87	103,510.6
	2006	\$11.73	\$13.02	100,865.5
	2005	\$11.54	\$11.73	123,509.9
	2004	\$11.17	\$11.54	72,152.2
	2003	\$8.96	\$11.17	77,179.9
	2002	\$10.00	\$8.96	47,199.5
Roszel/AllianceBernstein Large Cap Core Portfolio Subaccount Inception Date July 1, 2002	2008	\$12.94	\$6.49	76,431.6
	2007	\$11.66	\$12.94	74,944.5
	2006	\$11.66	\$11.66	124,302.5
	2005	\$10.99	\$11.66	158,518.6
	2004	\$10.79	\$10.99	222,628.1
	2003	\$8.80	\$10.79	219,346.1
	2002	\$10.00	\$8.80	170,151.2

Subaccount	Year	Beginning AUV	Ending AUV	# Units
Roszel/Santa Barbra Conservative Growth Portfolio <sup>(2)</sup> Subaccount Inception Date July 1, 2002	2008	\$12.17	\$7.75	404,044.2
	2007	\$11.49	\$12.17	475,447.0
	2006	\$10.66	\$11.49	638,455.7
	2005	\$10.82	\$10.66	811,647.5
	2004	\$10.59	\$10.82	989,376.5
	2003	\$9.03	\$10.59	1,080,182.2
	2002	\$10.00	\$9.03	721,945.5
Roszel/Marsico Large Cap Growth Portfolio II <sup>(3)</sup> Subaccount Inception Date July 1, 2002	2008	\$14.04	\$6.60	62,737.9
	2007	\$11.83	\$14.04	40,629.4
	2006	\$12.56	\$11.83	106,896.1
	2005	\$11.60	\$12.56	100,078.0
	2004	\$10.87	\$11.60	107,902.8
	2003	\$8.83	\$10.87	121,268.1
	2002	\$10.00	\$8.83	51,714.8
Roszel/Marsico Large Cap Growth Portfolio <sup>(3)</sup> Subaccount Inception Date July 1, 2002	2008	\$14.24	\$8.05	260,306.8
	2007	\$11.86	\$14.24	304,235.9
	2006	\$11.43	\$11.86	348,175.6
	2005	\$11.31	\$11.43	350,553.4
	2004	\$11.02	\$11.31	364,051.6
	2003	\$8.89	\$11.02	349,649.5
	2002	\$10.00	\$8.89	252,860.7
Roszel/Cadence Mid Cap Growth Portfolio Subaccount Inception Date July 1, 2002	2008	\$16.01	\$8.71	75,146.0
	2007	\$13.30	\$16.01	126,025.1
	2006	\$12.59	\$13.30	166,242.3
	2005	\$11.39	\$12.59	210,574.1
	2004	\$10.91	\$11.39	287,020.89
	2003	\$8.54	\$10.91	339,646.8
	2002	\$10.00	\$8.54	205,429.9
Roszel/NWQ Small Cap Value Portfolio Subaccount Inception Date July 1, 2002	2008	\$17.62	\$9.04	171,072.9
	2007	\$19.00	\$17.62	185,857.5
	2006	\$16.12	\$19.00	270,872.7
	2005	\$14.68	\$16.12	355,997.2
	2004	\$11.54	\$14.68	411,974.0
	2003	\$7.67	\$11.54	441,030.3
	2002	\$10.00	\$7.67	257,884.2
Roszel/Delaware Small-Mid Cap Growth Portfolio Subaccount Inceptions Date July 1, 2002	2008	\$14.19	\$7.55	104,559.3
	2007	\$12.75	\$14.19	139,793.4
	2006	\$11.82	\$12.75	211,753.6
	2005	\$11.17	\$11.82	283,372.0
	2004	\$10.10	\$11.17	298,145.4
	2003	\$7.55	\$10.10	238,053.1



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	2002	\$10.00	\$7.55	175,853.5
Roszel/Lazard International Portfolio	2008	\$17.45	\$11.03	192,451.2
Subaccount Inception Date July 1, 2002	2007	\$16.44	\$17.45	243,253.3
	2006	\$13.63	\$16.44	313,233.3
	2005	\$12.80	\$13.63	365,553.3
	2004	\$11.21	\$12.80	368,052.4
	2003	\$8.85	\$11.21	320,651.9
	2002	\$10.00	\$8.85	117,103.8
Roszel/JPMorgan International Equity Portfolio	2008	\$18.45	\$10.60	165,672.2
Subaccount Inception Date July 1, 2002	2007	\$17.43	\$18.45	173,889.7
	2006	\$14.61	\$17.43	205,663.7
	2005	\$12.73	\$14.61	221,032.3
	2004	\$11.60	\$12.73	232,552.4
	2003	\$8.83	\$11.60	291,619.8
	2002	\$10.00	\$8.83	263,792.2

<u>Subaccount</u>	Year	Beginning AUV	Ending AUV	# Units
Roszel/BlackRock Fixed-Income Portfolio II <sup>(4)</sup>	2008	\$11.41	\$12.25	597,203.0
Subaccount Inception Date July 1, 2002	2007	\$10.91	\$11.41	539,575.4
	2006	\$10.72	\$10.91	741,282.2
	2005	\$10.68	\$10.72	822,547.3
	2004	\$10.47	\$10.68	926,780.4
	2003	\$10.47	\$10.47	1,189,858.0
	2002	\$10.00	\$10.47	867,091.4
Roszel/BlackRock Fixed-Income Portfolio <sup>(4)</sup>	2008	\$10.72	\$10.70	540,794.9
Subaccount Inception Date July 1, 2002	2007	\$10.29	\$10.72	850,942.6
	2006	\$10.16	\$10.29	1,007,873.2
	2005	\$10.25	\$10.16	1,285,774.6
	2004	\$10.23	\$10.25	1,490,706.8
	2003	\$10.18	\$10.23	1,730,141.3
	2002	\$10.00	\$10.18	1,108,135.3
Roszel/Allianz NFJ Mid Cap Value Portfolio	2008	\$12.05	\$7.25	132,073.4
Subaccount Inception Date July 1, 2002	2007	\$12.14	\$12.05	164,959.1
	2006	\$10.97	\$12.14	218,442.8
	2005	\$11.12	\$10.97	285,253.4
	2004	\$10.26	\$11.12	364,100.1
	2003	\$7.89	\$10.26	474,470.8
	2002	\$10.00	\$7.89	386,559.5
BlackRock Money Market V.I. Fund	2008	\$10.40	\$10.47	148,907.2
Subaccount Inception Date July 1, 2002	2007	\$10.11	\$10.40	123,463.7
	2006	\$9.85	\$10.11	199,035.0
	2005	\$9.77	\$9.85	314,194.7
	2004	\$9.86	\$9.77	225,213.6
	2003	\$9.97	\$9.86	336,476.8
	2002	\$10.00	\$9.97	852,609.8

(1) Formerly known as  
Roszel/BlackRock  
Relative Value  
Portfolio.

(2) Formerly known as  
Roszel/Rittenhouse  
Large Cap Growth  
Portfolio.

(3) On January 23,  
2009  
Roszel/Loomis  
Sayles Large Cap

Growth Portfolio  
changed its name to  
Roszel/Marsico  
Large Cap Growth  
Portfolio II and on  
March 13, 2009, the  
Roszel/Marsico  
Large Cap Growth  
Portfolio II will  
merge into the  
Roszel/Marsico  
Large Cap Growth  
Portfolio.

- (4) On May 1, 2009  
Roszel/Lord Abbett  
Government  
Securities Portfolio  
will change its  
name to  
Roszel/Black  
Fixed-Income  
Portfolio II. On  
July 10, 2009  
Roszel/BlackRock  
Fixed-Income  
Portfolio II will  
merge into  
Roszel/BlackRock  
Fixed-Income  
Portfolio.

The subaccounts investing in the Transamerica American Century Large Company Value VP, Transamerica BlackRock Tactical Allocation VP, Transamerica BlackRock Large Cap Value VP, Transamerica JPMorgan Mid Cap Value VP, Transamerica JPMorgan Enhanced Index VP, Transamerica Jennison Growth VP, Transamerica MFS International Equity VP, Transamerica Marsico Growth VP, Transamerica PIMCO Total Return VP, Transamerica T. Rowe Price Equity Income VP, Transamerica T. Rowe Price Small Cap VP, Transamerica Templeton Global VP, Transamerica Convertible Securities VP, Transamerica Equity VP, Transamerica Growth Opportunities VP, Transamerica Small-Mid Cap Value VP, Transamerica U.S. Government Securities VP, Transamerica Van Kampen Active International Allocation VP, Transamerica Van Kampen Large Cap Core VP, and Transamerica Van Kampen Mid-Cap Growth VP, portfolios had not commenced operations as of December 31, 2008 therefore, comparable data is not available.

\* \* \*

If you have any questions, please contact your Financial Advisor, or call the Service Center at (800) 535-5549 (for Contracts issued by Merrill Lynch Life Insurance Company), or write the Service Center at 4333 Edgewood Road NE, Cedar Rapids, Iowa 52499.

**STATEMENT OF ADDITIONAL INFORMATION**

**August 17, 2009**

**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: 4333 Edgewood Road NE**

**Cedar Rapids, Iowa 52499-0001**

**Phone: (800) 535-5549**

**offered through**

**Transamerica Capital, Inc.**

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. The Contract is currently not available to be issued as a 403(b) Contract and we no longer accept any additional contributions from any source to your 403(b) Contract. In addition, we prohibit the issue of a 403(b) Contract in an exchange for the 403(b) contract or custodial account of another provider. This Statement of Additional Information is not a Prospectus and should be read together with the Contract s Prospectus dated May 1, 2008 (as supplemented), 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.

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## 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.

Effective May 1, 2008, Transamerica Capital, Inc. ( Transamerica or Distributor ) serves as principal underwriter for the Contracts. Distributor is a California corporation and its home office is located at 4600 South Syracuse Street, Suite 1100, Denver Colorado, 80287. Distributor is an indirect, wholly owned subsidiary of AEGON USA, Inc. ( AEGON USA ). 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 FINRA (formerly NASD, Inc.). Merrill Lynch, Pierce, Fenner & Smith Incorporated ( MLPF&S ) formerly served as principal underwriter for the Contracts. MLPF&S is a Delaware corporation and its home office is located at 4 World Financial Center, New York, New York 10080. MLPF&S is an indirect, wholly owned subsidiary of Merrill Lynch & Co., Inc. MLPF&S 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 FINRA. For the years ended December 31, 2008, 2007, and 2006, MLPF&S received \$321,909 , \$2,403, and \$12,759, respectively, in commissions. For the year ended December 31, 2008, Transamerica Capital, Inc. received \$336,636 in commissions.

### 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 former 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, 2008, 2007, and 2006, \$5,221.00, \$27.0 million, and \$29.7 million, respectively, in administrative services fees were paid.

### Keep Well Agreement

On December 28, 2007, AEGON USA entered into a keep well agreement with Merrill Lynch Life. Under the agreement, so long as Merrill Lynch Life is a wholly owned subsidiary of AEGON USA, AEGON USA will ensure that Merrill Lynch Life maintains tangible net worth equal to at least \$5 million. At December 31, 2008, the tangible net worth of Merrill Lynch Life was in excess \$5 million. The agreement has a duration of three years so long as Merrill Lynch Life is a wholly owned affiliate of AEGON USA and it may be terminated by either party upon one year's written notice. The agreement does not guarantee, directly or indirectly, any indebtedness, liability, or obligation of Merrill Lynch Life. Upon mutual consent of AEGON USA and Merrill Lynch Life, the agreement may be modified or amended in ways not less favorable to Merrill Lynch Life or its contract owners.

## 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 BlackRock 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 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, but not the Additional Death Benefit Charge. 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:

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

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 BlackRock 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:

$$\text{Effective Yield} = (1 + ((\text{NCF} - \text{ES})/\text{UV}))^{5/7} - 1$$

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 BlackRock Money Market V.I. Subaccount will be lower than the yield for the corresponding underlying Fund.

The yields on amounts held in the BlackRock 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 BlackRock 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 BlackRock 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 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:

$$\text{Yield} = 2 \times \left( \frac{((NI - ES)/(U \times UV)) + 1}{1} \right)^{1/2} - 1$$

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:

<b>Fund</b>	<b>Fund Inception Date</b>	<b>Subaccount Inception Date</b>
Roszel/Lord Abbett Large Cap Value Portfolio	July 1, 2002	July 1, 2002
Roszel/Davis Large Cap Value Portfolio	July 1, 2002	July 1, 2002
Roszel/BlackRock Equity Dividend Portfolio <sup>(1)</sup>	July 1, 2002	July 1, 2002
Roszel/Fayez Sarofim Large Cap Core Portfolio	July 1, 2002	July 1, 2002
Roszel/AllianceBernstein Large Cap Core Portfolio	July 1, 2002	July 1, 2002
Roszel/Santa Barbara Conservative Growth Portfolio <sup>(2)</sup>	July 1, 2002	July 1, 2002
Roszel/Marsico Large Cap Growth Portfolio <sup>(3)</sup>	July 1, 2002	July 1, 2002
Roszel/Allianz NFJ Mid Cap Value Portfolio	July 1, 2002	July 1, 2002
Roszel/Cadence 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/JP Morgan International Equity Portfolio	July 1, 2002	July 1, 2002
Roszel/BlackRock Fixed-Income Portfolio <sup>(4)</sup>	July 1, 2002	July 1, 2002
BlackRock Money Market V.I. Fund	February 21, 1992	July 1, 2002
Transamerica American Century Large Company Value VP	May 1, 2003	August 24, 2009

Transamerica BlackRock Large Cap Value VP	May 1, 2003	August 24, 2009
Transamerica Jennison Growth VP	May 1, 2003	August 24, 2009
Transamerica JPMorgan Enhanced Index VP	May 1, 2003	August 24, 2009
Transamerica Marsico Growth VP	May 1, 2003	August 24, 2009
Transamerica MFS International Equity VP	May 1, 2003	August 24, 2009
Transamerica PIMCO Total Return VP	May 1, 2003	August 24, 2009
Transamerica Small-Mid Cap Value VP	May 1, 2003	August 24, 2009

<b><u>Fund</u></b>	<b>Fund Inception Date</b>	<b>Subaccount Inception Date</b>
Transamerica T. Rowe Price Equity Income VP	May 1, 2003	August 24, 2009
Transamerica T. Rowe Price Small Cap VP	May 1, 2003	August 24, 2009
Transamerica Van Kampen Active International Allocation VP	May 1, 2003	August 24, 2009
Transamerica Van Kampen Large Cap Core VP	May 1, 2003	August 24, 2009
Transamerica Van Kampen Mid-Cap Growth VP	May 1, 2003	August 24, 2009
Transamerica JPMorgan Mid Cap Value VP	May 1, 2003	August 24, 2009
Transamerica BlackRock Tactical Allocation VP	May 1, 2009	August 24, 2009
Transamerica Convertible Securities VP	May 1, 2003	August 24, 2009
Transamerica Equity VP	May 1, 2003	August 24, 2009
Transamerica Growth Opportunities VP	May 1, 2003	August 24, 2009
Transamerica Templeton Global VP	May 1, 2003	August 24, 2009
Transamerica U.S. Government Securities VP	May 1, 2003	August 24, 2009

- (1) Formerly known as Roszel/BlackRock Relative Value Portfolio.
- (2) Formerly known as Roszel/Rittenhouse Large Cap Growth Portfolio.
- (3) On January 23, 2009 Roszel/Loomis Sayles Large Cap Growth Portfolio changed its name to Roszel/Marsico Large Cap Growth Portfolio II and on March 13, 2009, the

Roszel/Marsico  
Large Cap Growth  
Portfolio II will  
merge into the  
Roszel/Marsico  
Large Cap Growth  
Portfolio.

- (4) On May 1, 2009  
Roszel/Lord Abbett  
Government  
Securities Portfolio  
will change its  
name to  
Roszel/Black  
Fixed-Income  
Portfolio II. On  
July 10, 2009  
Roszel/BlackRock  
Fixed-Income  
Portfolio II will  
merge into  
Roszel/BlackRock  
Fixed-Income  
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:

$$TR = ((ERV/P)^{1/N}) - 1$$

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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 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.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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 investment divisions of Merrill Lynch Life Variable Annuity Separate Account C (the Separate Account ), comprised of BlackRock Money Market V.I. Fund, Roszel/JPMorgan International Equity Portfolio, Roszel/Lazard International Portfolio, Roszel/Davis Large Cap Value Portfolio, Roszel/Lord Abbett Government Securities Portfolio, Roszel/Lord Abbett Large Cap Value Portfolio, Roszel/BlackRock Fixed-Income Portfolio, Roszel/BlackRock Equity Dividend Portfolio, Roszel/AllianceBernstein Large Cap Core Portfolio, Roszel/Delaware Small-Mid Cap Growth Portfolio, Roszel/Loomis Sayles Large Cap Growth Portfolio, Roszel/NWQ Small Cap Value Portfolio, Roszel/Rittenhouse Large Cap Growth Portfolio, Roszel/Marsico Large Cap Growth Portfolio, Roszel/Cadence Mid Cap Growth Portfolio, Roszel/Fayez Sarofim Large Cap Core Portfolio, and Roszel/Allianz NFJ Mid Cap Value Portfolio, as of December 31, 2008, and the related statements of operations and changes in net assets for the periods indicated thereon. These financial statements are the responsibility of the Separate Account s management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the unit values footnote of Merrill Lynch Life Variable Annuity Separate Account C for each of the years ended December 31, 2006, 2005, and 2004. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Separate Account, is based solely on the report of the other auditors. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Separate Account s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Separate Account s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of investment divisions owned as of December 31, 2008 by correspondence with the custodian. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion. In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the investment divisions comprising the Merrill Lynch Life Variable Annuity Separate Account C at December 31, 2008, and the results of each of their operations and their changes in net assets for the periods indicated thereon, in conformity with U.S. generally accepted accounting principles.

Des Moines, Iowa

April 22, 2009

A member firm of Ernst & Young Global Limited

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**MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C**  
**MERRILL LYNCH LIFE INSURANCE COMPANY**  
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**MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C**  
**MERRILL LYNCH LIFE INSURANCE COMPANY**  
**STATEMENTS OF ASSETS AND LIABILITIES**  
**AS OF DECEMBER 31, 2008**

	BlackRock	Roszel/ JPMorgan	Divisions Roszel/ Lazard International Portfolio	Investing In Roszel/ Davis Large Cap Value Portfolio	Roszel/ Lord Abbott Government Securities Portfolio	Roszel/ Lord Abbott Large Cap Value Portfolio
(In thousands)						
<b>Assets</b>						
<b>Level 1 Quoted Prices at Net Asset Value</b>						
BlackRock Money Market V.I. Fund, 1,559 shares (Cost \$1,559)	\$ 1,559	\$	\$	\$	\$	\$
Roszel/JPMorgan International Equity Portfolio, 373 shares (Cost \$3,467)		1,756				
Roszel/Lazard International Portfolio, 318 shares (Cost \$3,847)			2,123			
Roszel/Davis Large Cap Value Portfolio, 216 shares (Cost \$1,974)				1,235		
Roszel/Lord Abbott Government Securities Portfolio, 675 shares (Cost \$6,901)					7,313	
Roszel/Lord Abbott Large Cap Value Portfolio, 626 shares (Cost \$6,355)						3,510
<b>Total Assets</b>	\$ 1,559	\$ 1,756	\$ 2,123	\$ 1,235	\$ 7,313	\$ 3,510
<b>Net Assets</b>						
Accumulation Units	\$ 1,559	\$ 1,756	\$ 2,123	\$ 1,235	\$ 7,313	\$ 3,510

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, 2008**

	Roszel/ BlackRock Fixed- Income Portfolio	Roszel/ BlackRock Equity Dividend Portfolio a	Divisions Roszel/ AllianceBernstein Large Cap Core Portfolio	Investing In Roszel/ Delaware Small-Mid Cap Growth Portfolio	Roszel/ Loomis Sayles Large Cap Growth Portfolio	Roszel/ NWQ Small Cap Value Portfolio
(In thousands)						
<b>Assets</b>						
<b>Level 1 Quoted Prices at Net Asset Value</b>						
Roszel/BlackRock Fixed-Income Portfolio, 600 shares (Cost \$5,882)	\$ 5,787	\$	\$	\$	\$	\$
Roszel/BlackRock Equity Dividend Portfolio, 592 shares (Cost \$4,759)		2,652				
Roszel/AllianceBernstein Large Cap Core Portfolio, 125 shares (Cost \$985)			496			
Roszel/Delaware Small-Mid Cap Growth Portfolio, 187 shares (Cost \$1,585)				790		
Roszel/Loomis Sayles Large Cap Growth Portfolio, 93 shares (Cost \$833)					414	
Roszel/NWQ Small Cap Value Portfolio, 483 shares (Cost \$3,622)						1,547
<b>Total Assets</b>	\$ 5,787	\$ 2,652	\$ 496	\$ 790	\$ 414	\$ 1,547
<b>Net Assets</b>						
Accumulation Units	\$ 5,787	\$ 2,652	\$ 496	\$ 790	\$ 414	\$ 1,547

a Formerly Roszel/BlackRock Relative Value Portfolio. Change effective August 4,

2008.

See accompanying notes to financial statements.

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**MERRILL LYNCH LIFE VARIABLE ANNUITY SEPARATE ACCOUNT C**  
**MERRILL LYNCH LIFE INSURANCE COMPANY**  
**STATEMENTS OF ASSETS AND LIABILITIES (Continued)**  
**AS OF DECEMBER 31, 2008**

	Roszel/ Rittenhouse Large Cap Growth Portfolio	Roszel/ Marsico Large Cap Growth Portfolio	Divisions Investing In Roszel/ Cadence Mid Cap Growth Portfolio	Roszel/ Fayez Sarofim Large Cap Core Portfolio	Roszel/ Allianz NFJ Mid Cap Value Portfolio
(In thousands)					
<b>Assets</b>					
<b>Level 1 Quoted Prices at Net Asset Value</b>					
Roszel/Rittenhouse Large Cap Growth Portfolio, 557 shares (Cost \$5,333)	\$ 3,132	\$	\$	\$	\$
Roszel/Marsico Large Cap Growth Portfolio, 266 shares (Cost \$3,004)		2,095			
Roszel/Cadence Mid Cap Growth Portfolio, 145 shares (Cost \$1,254)			654		
Roszel/Fayez Sarofim Large Cap Core Portfolio, 146 shares (Cost \$1,619)				1,113	
Roszel/Allianz NFJ Mid Cap Value Portfolio, 297 shares (Cost \$1,787)					958
<b>Total Assets</b>	\$ 3,132	\$ 2,095	\$ 654	\$ 1,113	\$ 958
<b>Net Assets</b>					
Accumulation Units	\$ 3,132	\$ 2,095	\$ 654	\$ 1,113	\$ 958

See accompanying notes to financial statements.

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**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, 2008**

	Roszel/		Divisions Investing In		Roszel/		Roszel/	
	BlackRock	IPMorgan	Roszel/	Davis	Abbott	Abbott	BlackRock	BlackRock
	Money	International	Lazard	Cap	Government	Cap	Fixed-	Equity
	Market	Equity	International	Value	Securities	Value	Income	Dividend
	V.I.		Portfolio	Portfolio	Portfolio	Portfolio	Portfolio	Portfolio
(In thousands)	Fund	Portfolio	Portfolio	Portfolio	Portfolio	Portfolio	Portfolio	<sup>a</sup>
<b>Investment Income:</b>								
Ordinary Dividends (Note 2)	\$ 34	\$ 1	\$ 93	\$ 26	\$ 274	\$ 85	\$ 334	\$ 133
<b>Investment Expenses:</b>								
Asset-Based Insurance Charges (Note 7)	(26)	(46)	(59)	(32)	(133)	(95)	(150)	(96)
<b>Net Investment Income (Loss)</b>	<b>8</b>	<b>(45)</b>	<b>34</b>	<b>(6)</b>	<b>141</b>	<b>(10)</b>	<b>184</b>	<b>37</b>
<b>Realized and Unrealized Gains (Losses) On Investments:</b>								
Net Realized Gains (Losses) (Note 2)		(90)	(370)	(165)	35	(890)	(189)	(3,085)
Net Change In Unrealized Appreciation (Depreciation) During the Year		(2,147)	(1,747)	(683)	355	(2,395)	(55)	(1,220)
Capital Gain Distributions (Note 2)		995	694	102		1,189		1,458
<b>Net Gain (Loss) on Investments</b>		<b>(1,242)</b>	<b>(1,423)</b>	<b>(746)</b>	<b>390</b>	<b>(2,096)</b>	<b>(244)</b>	<b>(2,847)</b>
<b>Increase (Decrease) in Net Assets Resulting from Operations</b>								
	<b>8</b>	<b>(1,287)</b>	<b>(1,389)</b>	<b>(752)</b>	<b>531</b>	<b>(2,106)</b>	<b>(60)</b>	<b>(2,810)</b>
<b>Contract Transactions:</b>								
Premiums Received from Contract Owners	1,419	13	6	102	67	14	21	6
Contract Owner Withdrawals	(641)	(503)	(663)	(281)	(1,604)	(1,588)	(2,100)	(783)