



Security Life of Denver Insurance Company

# Security Life Separate Account S-A1

**December 31, 2008 Annual Report**



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Your future. Made easier.<sup>SM</sup>



April 2009

Dear Valued Customer:

On behalf of ING's dedicated team of employees, I would like to thank you for the opportunity to help plan for your financial future. One of ING's missions is to make it easier for you to determine your financial objectives and the most logical strategy to reach them.

Here is a copy of your 2008 separate account annual report, which provides updated financial information on the investment options available within your contract with ING. Keep in mind that your investment choices will not only help determine your level of financial security, but also your ability to protect yourself and your loved ones for years to come.

ING understands the importance of considering all of your options when investing during this difficult economic time and we believe we can continue to give you the necessary tools and information to work towards your financial goals. ING is a large and well respected financial institution and we strive to maintain this reputation by offering outstanding customer service, a variety of financial products and options, and financial advice (when applicable).

Fostering relationships with customers like you is the foundation of our mission to help you manage your financial future and we look forward to helping you meet your objectives every step of the way.

Sincerely,

Thomas J. McInerney  
Chairman and Chief Executive Officer  
ING Americas

ING. Your future. Made easier.<sup>SM</sup>

Insurance products, annuities and retirement plan funding issued by (third party administrative services may also be provided by) ING Life Insurance and Annuity Company. Advisory services and financial planning are offered through, and securities are distributed by, ING Financial Advisers, LLC (member SIPC), One Orange Way, Windsor, CT 06095. Securities may also be distributed through other broker-dealers with which ING Financial Advisers, LLC has selling agreements.  
C09-0220-008R(3/09)

**FINANCIAL STATEMENTS**

**Security Life of Denver Insurance Company**

**Security Life Separate Account S-A1**

*Year ended December 31, 2008*

*with Report of Independent Registered Public Accounting Firm*

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**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Financial Statements**  
**Year ended December 31, 2008**

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## Report of Independent Registered Public Accounting Firm

The Board of Directors and Participants  
Security Life of Denver Insurance Company

We have audited the accompanying statements of assets and liabilities of the Divisions constituting Security Life of Denver Insurance Company Security Life Separate Account S-A1 (the "Account") as of December 31, 2008, and the related statements of operations and changes in net assets for the periods disclosed in the financial statements. These financial statements are the responsibility of the Account's management. Our responsibility is to express an opinion on these financial statements based on our audits. The Account consists of the following Divisions:

AIM Variable Insurance Funds:

AIM V.I. Core Equity Fund - Series I Shares

Fidelity® Variable Insurance Products:

Fidelity® VIP Equity-Income Portfolio - Initial Class

Fidelity® Variable Insurance Products II:

Fidelity® VIP Contrafund® Portfolio - Initial Class

Fidelity® Variable Insurance Products V:

Fidelity® VIP Investment Grade Bond Portfolio - Initial Class

ING Investors Trust:

ING Evergreen Omega Portfolio - Institutional Class

ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class

ING Liquid Assets Portfolio - Institutional Class

ING Marsico International Opportunities Portfolio - Institutional Class

ING MFS Utilities Portfolio - Service Class

ING Pioneer Fund Portfolio - Service Class

ING Investors Trust (continued):

ING Stock Index Portfolio - Institutional Class

ING Van Kampen Capital Growth Portfolio - Institutional Class

ING Van Kampen Large Cap Growth Portfolio - Institutional Class

ING VP Index Plus International Equity Portfolio - Service Class

ING Partners, Inc.:

ING Oppenheimer Global Portfolio - Initial Class

ING Pioneer High Yield Portfolio - Initial Class

ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class

ING Van Kampen Equity and Income Portfolio - Initial Class

ING Variable Products Trust:

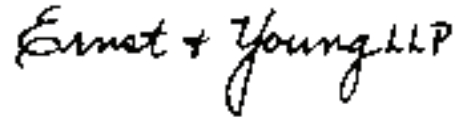
ING VP High Yield Bond Portfolio - Class I

ING VP Balanced Portfolio, Inc.:

ING VP Balanced Portfolio - Class I

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 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 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 securities owned as of December 31, 2008, by correspondence with the transfer agents. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each of the respective Divisions constituting Security Life of Denver Insurance Company Security Life Separate Account S-A1 at December 31, 2008, the results of their operations and changes in their net assets for the periods disclosed in the financial statements, in conformity with U.S. generally accepted accounting principles.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Atlanta, Georgia  
March 31, 2009

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Statements of Assets and Liabilities**  
**December 31, 2008**  
*(Dollars in thousands)*

	<b>AIM V.I. Core Equity Fund - Series I Shares</b>	<b>Fidelity® VIP Equity-Income Portfolio - Initial Class</b>	<b>Fidelity® VIP Contrafund® Portfolio - Initial Class</b>	<b>Fidelity® VIP Investment Grade Bond Portfolio - Initial Class</b>	<b>ING Evergreen Omega Portfolio - Institutional Class</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 79	\$ 333	\$ 405	\$ 26	\$ 82
Total assets	<u>79</u>	<u>333</u>	<u>405</u>	<u>26</u>	<u>82</u>
Net assets	<u>\$ 79</u>	<u>\$ 333</u>	<u>\$ 405</u>	<u>\$ 26</u>	<u>\$ 82</u>
Total number of mutual fund shares	<u>3,977</u>	<u>25,233</u>	<u>26,305</u>	<u>2,186</u>	<u>9,952</u>
Cost of mutual fund shares	<u>\$ 99</u>	<u>\$ 563</u>	<u>\$ 758</u>	<u>\$ 28</u>	<u>\$ 109</u>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Statements of Assets and Liabilities**  
**December 31, 2008**  
*(Dollars in thousands)*

	<b>ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class</b>	<b>ING Liquid Assets Portfolio - Institutional Class</b>	<b>ING Marsico International Opportunities Portfolio - Institutional Class</b>	<b>ING MFS Utilities Portfolio - Service Class</b>	<b>ING Stock Index Portfolio - Institutional Class</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 79	\$ 222	\$ 105	\$ 11	\$ 177
Total assets	<u>79</u>	<u>222</u>	<u>105</u>	<u>11</u>	<u>177</u>
Net assets	<u>\$ 79</u>	<u>\$ 222</u>	<u>\$ 105</u>	<u>\$ 11</u>	<u>\$ 177</u>
Total number of mutual fund shares	<u>9,383</u>	<u>221,894</u>	<u>13,684</u>	<u>1,154</u>	<u>23,044</u>
Cost of mutual fund shares	<u>\$ 121</u>	<u>\$ 222</u>	<u>\$ 192</u>	<u>\$ 18</u>	<u>\$ 253</u>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Statements of Assets and Liabilities**  
**December 31, 2008**  
*(Dollars in thousands)*

	<b>ING Van Kampen Capital Growth Portfolio - Institutional Class</b>	<b>ING VP Index Plus International Equity Portfolio - Service Class</b>	<b>ING Oppenheimer Global Portfolio - Initial Class</b>	<b>ING Pioneer High Yield Portfolio - Initial Class</b>	<b>ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class</b>
<b>Assets</b>					
Investments in mutual funds					
at fair value	\$ 276	\$ 22	\$ 152	\$ 25	\$ 124
Total assets	<u>276</u>	<u>22</u>	<u>152</u>	<u>25</u>	<u>124</u>
Net assets	<u>\$ 276</u>	<u>\$ 22</u>	<u>\$ 152</u>	<u>\$ 25</u>	<u>\$ 124</u>
Total number of mutual fund shares	<u>39,807</u>	<u>4,347</u>	<u>16,780</u>	<u>3,871</u>	<u>26,937</u>
Cost of mutual fund shares	<u>\$ 479</u>	<u>\$ 44</u>	<u>\$ 231</u>	<u>\$ 35</u>	<u>\$ 222</u>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Statements of Assets and Liabilities**  
**December 31, 2008**  
*(Dollars in thousands)*

	<b>ING Van Kampen Equity and Income Portfolio - Initial Class</b>	<b>ING VP Balanced Portfolio - Class I</b>
<b>Assets</b>		
Investments in mutual funds		
at fair value	\$ 90	\$ 21
Total assets	<u>90</u>	<u>21</u>
Net assets	<u>\$ 90</u>	<u>\$ 21</u>
Total number of mutual fund shares	<u>3,493</u>	<u>2,302</u>
Cost of mutual fund shares	<u>\$ 123</u>	<u>\$ 31</u>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Statements of Operations**  
**For the year ended December 31, 2008**  
*(Dollars in thousands)*

	<b>AIM V.I. Core Equity Fund - Series I Shares</b>	<b>Fidelity® VIP Equity-Income Portfolio - Initial Class</b>	<b>Fidelity® VIP Contrafund® Portfolio - Initial Class</b>	<b>Fidelity® VIP Investment Grade Bond Portfolio - Initial Class</b>	<b>ING Evergreen Omega Portfolio - Institutional Class</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 2	\$ 12	\$ 6	\$ 1	\$ 1
Total investment income	2	12	6	1	1
Expenses:					
Mortality and expense risk and other charges	2	8	10	-	2
Total expenses	2	8	10	-	2
Net investment income (loss)	-	4	(4)	1	(1)
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	(1)	-	(10)	-	-
Capital gains distributions	-	1	20	-	12
Total realized gain (loss) on investments and capital gains distributions	(1)	1	10	-	12
Net unrealized appreciation (depreciation) of investments	(38)	(273)	(353)	(2)	(44)
Net realized and unrealized gain (loss) on investments	(39)	(272)	(343)	(2)	(32)
Net increase (decrease) in net assets resulting from operations	\$ (39)	\$ (268)	\$ (347)	\$ (1)	\$ (33)

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Statements of Operations**  
**For the year ended December 31, 2008**  
*(Dollars in thousands)*

	<b>ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class</b>	<b>ING Liquid Assets Portfolio - Institutional Class</b>	<b>ING Marsico International Opportunities Portfolio - Institutional Class</b>	<b>ING MFS Utilities Portfolio - Service Class</b>	<b>ING Pioneer Fund Portfolio - Service Class</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 1	\$ 6	\$ 2	\$ 1	\$ -
Total investment income	1	6	2	1	-
Expenses:					
Mortality and expense risk and other charges	2	3	2	-	-
Total expenses	2	3	2	-	-
Net investment income (loss)	(1)	3	-	1	-
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	(5)	-	1	(9)	1
Capital gains distributions	11	-	17	4	-
Total realized gain (loss) on investments and capital gains distributions	6	-	18	(5)	1
Net unrealized appreciation (depreciation) of investments	(45)	-	(123)	(11)	(2)
Net realized and unrealized gain (loss) on investments	(39)	-	(105)	(16)	(1)
Net increase (decrease) in net assets resulting from operations	\$ (40)	\$ 3	\$ (105)	\$ (15)	\$ (1)

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Statements of Operations**  
**For the year ended December 31, 2008**  
*(Dollars in thousands)*

	<b>ING Stock Index Portfolio - Institutional Class</b>	<b>ING Van Kampen Capital Growth Portfolio - Institutional Class</b>	<b>ING Van Kampen Large Cap Growth Portfolio - Institutional Class</b>	<b>ING VP Index Plus International Equity Portfolio - Service Class</b>	<b>ING Oppenheimer Global Portfolio - Initial Class</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 9	\$ -	\$ 2	\$ 4	\$ 5
Total investment income	9	-	2	4	5
Expenses:					
Mortality and expense risk and other charges	4	6	1	1	3
Total expenses	4	6	1	1	3
Net investment income (loss)	5	(6)	1	3	2
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	1	-	(9)	(25)	-
Capital gains distributions	3	12	10	17	19
Total realized gain (loss) on investments and capital gains distributions	4	12	1	(8)	19
Net unrealized appreciation (depreciation) of investments	(126)	(274)	(18)	(27)	(135)
Net realized and unrealized gain (loss) on investments	(122)	(262)	(17)	(35)	(116)
Net increase (decrease) in net assets resulting from operations	\$ (117)	\$ (268)	\$ (16)	\$ (32)	\$ (114)

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Statements of Operations**  
**For the year ended December 31, 2008**  
*(Dollars in thousands)*

	<b>ING Pioneer High Yield Portfolio - Initial Class</b>	<b>ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class</b>	<b>ING Van Kampen Equity and Income Portfolio - Initial Class</b>	<b>ING VP High Yield Bond Portfolio - Class I</b>	<b>ING VP Balanced Portfolio - Class I</b>
<b>Net investment income (loss)</b>					
Income:					
Dividends	\$ 1	\$ 1	\$ 6	\$ 2	\$ 1
Total investment income	1	1	6	2	1
Expenses:					
Mortality and expense risk and other charges	-	3	2	-	-
Total expenses	-	3	2	-	-
Net investment income (loss)	1	(2)	4	2	1
<b>Realized and unrealized gain (loss) on investments</b>					
Net realized gain (loss) on investments	-	(4)	7	(6)	(2)
Capital gains distributions	-	30	6	-	3
Total realized gain (loss) on investments and capital gains distributions	-	26	13	(6)	1
Net unrealized appreciation (depreciation) of investments	(10)	(126)	(48)	2	(12)
Net realized and unrealized gain (loss) on investments	(10)	(100)	(35)	(4)	(11)
Net increase (decrease) in net assets resulting from operations	\$ (9)	\$ (102)	\$ (31)	\$ (2)	\$ (10)

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Statements of Changes in Net Assets**  
**For the year ended December 31, 2008 and 2007**  
*(Dollars in thousands)*

	<u>AIM V.I. Core Equity Fund - Series I Shares</u>	<u>Fidelity® VIP Equity-Income Portfolio - Initial Class</u>	<u>Fidelity® VIP Contrafund® Portfolio - Initial Class</u>	<u>Fidelity® VIP Investment Grade Bond Portfolio - Initial Class</u>
<b>Net Assets at January 1, 2007</b>	\$ 155	\$ 820	\$ 979	\$ 51
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	(1)	-	(6)	1
Total realized gain (loss) on investments and capital gains distributions	7	94	339	(1)
Net unrealized appreciation (depreciation) of investments	5	(87)	(195)	1
<b>Net increase (decrease) in net assets from operations</b>	<u>11</u>	<u>7</u>	<u>138</u>	<u>1</u>
Changes from principal transactions:				
Premiums	-	6	3	-
Surrenders and withdrawals	(18)	(94)	(109)	(8)
Cost of insurance and administrative charges	-	(1)	(1)	-
Benefit payments	-	(30)	(18)	-
Transfers between Divisions (including fixed account), net	(23)	(60)	(122)	(13)
<b>Increase (decrease) in net assets derived from principal transactions</b>	<u>(41)</u>	<u>(179)</u>	<u>(247)</u>	<u>(21)</u>
<b>Total increase (decrease) in net assets</b>	<u>(30)</u>	<u>(172)</u>	<u>(109)</u>	<u>(20)</u>
<b>Net assets at December 31, 2007</b>	125	648	870	31
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	-	4	(4)	1
Total realized gain (loss) on investments and capital gains distributions	(1)	1	10	-
Net unrealized appreciation (depreciation) of investments	(38)	(273)	(353)	(2)
<b>Net increase (decrease) in net assets from operations</b>	<u>(39)</u>	<u>(268)</u>	<u>(347)</u>	<u>(1)</u>
Changes from principal transactions:				
Premiums	-	3	-	-
Surrenders and withdrawals	(6)	(52)	(107)	(3)
Cost of insurance and administrative charges	-	-	(1)	-
Benefit payments	-	-	-	-
Transfers between Divisions (including fixed account), net	(1)	2	(10)	(1)
<b>Increase (decrease) in net assets derived from principal transactions</b>	<u>(7)</u>	<u>(47)</u>	<u>(118)</u>	<u>(4)</u>
<b>Total increase (decrease) in net assets</b>	<u>(46)</u>	<u>(315)</u>	<u>(465)</u>	<u>(5)</u>
<b>Net assets at December 31, 2008</b>	<u>\$ 79</u>	<u>\$ 333</u>	<u>\$ 405</u>	<u>\$ 26</u>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Statements of Changes in Net Assets**  
**For the year ended December 31, 2008 and 2007**  
*(Dollars in thousands)*

	ING Evergreen Omega Portfolio - Institutional Class	ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class	ING Liquid Assets Portfolio - Institutional Class	ING Marsico International Opportunities Portfolio - Institutional Class
<b>Net Assets at January 1, 2007</b>	\$ 114	\$ 156	\$ 218	\$ 246
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	(2)	(2)	8	-
Total realized gain (loss) on investments and capital gains distributions	4	20	-	45
Net unrealized appreciation (depreciation) of investments	8	(21)	-	(8)
<b>Net increase (decrease) in net assets from operations</b>	<b>10</b>	<b>(3)</b>	<b>8</b>	<b>37</b>
Changes from principal transactions:				
Premiums	-	1	-	1
Surrenders and withdrawals	(7)	(8)	(664)	(37)
Cost of insurance and administrative charges	-	-	(1)	-
Benefit payments	-	-	-	-
Transfers between Divisions (including fixed account), net	-	(14)	636	(32)
<b>Increase (decrease) in net assets derived from principal transactions</b>	<b>(7)</b>	<b>(21)</b>	<b>(29)</b>	<b>(68)</b>
<b>Total increase (decrease) in net assets</b>	<b>3</b>	<b>(24)</b>	<b>(21)</b>	<b>(31)</b>
<b>Net assets at December 31, 2007</b>	<b>117</b>	<b>132</b>	<b>197</b>	<b>215</b>
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	(1)	(1)	3	-
Total realized gain (loss) on investments and capital gains distributions	12	6	-	18
Net unrealized appreciation (depreciation) of investments	(44)	(45)	-	(123)
<b>Net increase (decrease) in net assets from operations</b>	<b>(33)</b>	<b>(40)</b>	<b>3</b>	<b>(105)</b>
Changes from principal transactions:				
Premiums	1	-	-	1
Surrenders and withdrawals	-	(10)	(57)	(1)
Cost of insurance and administrative charges	-	-	-	-
Benefit payments	-	-	(2)	-
Transfers between Divisions (including fixed account), net	(3)	(3)	81	(5)
<b>Increase (decrease) in net assets derived from principal transactions</b>	<b>(2)</b>	<b>(13)</b>	<b>22</b>	<b>(5)</b>
<b>Total increase (decrease) in net assets</b>	<b>(35)</b>	<b>(53)</b>	<b>25</b>	<b>(110)</b>
<b>Net assets at December 31, 2008</b>	<b>\$ 82</b>	<b>\$ 79</b>	<b>\$ 222</b>	<b>\$ 105</b>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Statements of Changes in Net Assets**  
**For the year ended December 31, 2008 and 2007**  
*(Dollars in thousands)*

	ING MFS Utilities Portfolio - Service Class	ING Pioneer Fund Portfolio - Service Class	ING Stock Index Portfolio - Institutional Class	ING Van Kampen Capital Growth Portfolio - Institutional Class
<b>Net Assets at January 1, 2007</b>	\$ 49	\$ 17	\$ 476	\$ 308
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	(1)	-	1	(5)
Total realized gain (loss) on investments and capital gains distributions	14	-	56	35
Net unrealized appreciation (depreciation) of investments	(4)	-	(37)	24
<b>Net increase (decrease) in net assets from operations</b>	<b>9</b>	<b>-</b>	<b>20</b>	<b>54</b>
Changes from principal transactions:				
Premiums	1	-	-	1
Surrenders and withdrawals	(9)	(1)	(77)	(30)
Cost of insurance and administrative charges	-	-	-	-
Benefit payments	-	-	(27)	(11)
Transfers between Divisions (including fixed account), net	(2)	2	(61)	(49)
<b>Increase (decrease) in net assets derived from principal transactions</b>	<b>(10)</b>	<b>1</b>	<b>(165)</b>	<b>(89)</b>
<b>Total increase (decrease) in net assets</b>	<b>(1)</b>	<b>1</b>	<b>(145)</b>	<b>(35)</b>
<b>Net assets at December 31, 2007</b>	<b>48</b>	<b>18</b>	<b>331</b>	<b>273</b>
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	1	-	5	(6)
Total realized gain (loss) on investments and capital gains distributions	(5)	1	4	12
Net unrealized appreciation (depreciation) of investments	(11)	(2)	(126)	(274)
<b>Net increase (decrease) in net assets from operations</b>	<b>(15)</b>	<b>(1)</b>	<b>(117)</b>	<b>(268)</b>
Changes from principal transactions:				
Premiums	-	-	-	3
Surrenders and withdrawals	(16)	(17)	(20)	(19)
Cost of insurance and administrative charges	-	-	-	-
Benefit payments	-	-	(1)	(3)
Transfers between Divisions (including fixed account), net	(6)	-	(16)	290
<b>Increase (decrease) in net assets derived from principal transactions</b>	<b>(22)</b>	<b>(17)</b>	<b>(37)</b>	<b>271</b>
<b>Total increase (decrease) in net assets</b>	<b>(37)</b>	<b>(18)</b>	<b>(154)</b>	<b>3</b>
<b>Net assets at December 31, 2008</b>	<b>\$ 11</b>	<b>\$ -</b>	<b>\$ 177</b>	<b>\$ 276</b>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Statements of Changes in Net Assets**  
**For the year ended December 31, 2008 and 2007**  
*(Dollars in thousands)*

	ING Van Kampen Large Cap Growth Portfolio - Institutional Class	ING VP Index Plus International Equity Portfolio - Service Class	ING Oppenheimer Global Portfolio - Initial Class	ING Pioneer High Yield Portfolio - Initial Class
<b>Net Assets at January 1, 2007</b>	\$ 359	\$ 64	\$ 409	\$ -
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	(4)	(1)	(2)	-
Total realized gain (loss) on investments and capital gains distributions	5	3	61	-
Net unrealized appreciation (depreciation) of investments	7	2	(38)	-
<b>Net increase (decrease) in net assets from operations</b>	<b>8</b>	<b>4</b>	<b>21</b>	<b>-</b>
Changes from principal transactions:				
Premiums	8	1	6	-
Surrenders and withdrawals	(12)	(3)	(50)	-
Cost of insurance and administrative charges	-	-	-	-
Benefit payments	-	-	-	-
Transfers between Divisions (including fixed account), net	(59)	5	(97)	-
<b>Increase (decrease) in net assets derived from principal transactions</b>	<b>(63)</b>	<b>3</b>	<b>(141)</b>	<b>-</b>
<b>Total increase (decrease) in net assets</b>	<b>(55)</b>	<b>7</b>	<b>(120)</b>	<b>-</b>
<b>Net assets at December 31, 2007</b>	<b>304</b>	<b>71</b>	<b>289</b>	<b>-</b>
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	1	3	2	1
Total realized gain (loss) on investments and capital gains distributions	1	(8)	19	-
Net unrealized appreciation (depreciation) of investments	(18)	(27)	(135)	(10)
<b>Net increase (decrease) in net assets from operations</b>	<b>(16)</b>	<b>(32)</b>	<b>(114)</b>	<b>(9)</b>
Changes from principal transactions:				
Premiums	2	-	3	-
Surrenders and withdrawals	(3)	(15)	(21)	(1)
Cost of insurance and administrative charges	-	-	-	-
Benefit payments	-	-	-	-
Transfers between Divisions (including fixed account), net	(287)	(2)	(5)	35
<b>Increase (decrease) in net assets derived from principal transactions</b>	<b>(288)</b>	<b>(17)</b>	<b>(23)</b>	<b>34</b>
<b>Total increase (decrease) in net assets</b>	<b>(304)</b>	<b>(49)</b>	<b>(137)</b>	<b>25</b>
<b>Net assets at December 31, 2008</b>	<b>\$ -</b>	<b>\$ 22</b>	<b>\$ 152</b>	<b>\$ 25</b>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Statements of Changes in Net Assets**  
**For the year ended December 31, 2008 and 2007**  
*(Dollars in thousands)*

	ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class	ING Van Kampen Equity and Income Portfolio - Initial Class	ING VP High Yield Bond Portfolio - Class I	ING VP Balanced Portfolio - Class I
<b>Net Assets at January 1, 2007</b>	\$ 352	\$ 260	\$ 80	\$ 67
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	(4)	2	4	1
Total realized gain (loss) on investments and capital gains distributions	55	18	1	4
Net unrealized appreciation (depreciation) of investments	(11)	(14)	(3)	(2)
<b>Net increase (decrease) in net assets from operations</b>	<u>40</u>	<u>6</u>	<u>2</u>	<u>3</u>
Changes from principal transactions:				
Premiums	2	-	-	-
Surrenders and withdrawals	(37)	(66)	(29)	(16)
Cost of insurance and administrative charges	-	-	-	-
Benefit payments	(20)	-	(9)	(12)
Transfers between Divisions (including fixed account), net	(99)	(11)	(1)	(7)
<b>Increase (decrease) in net assets derived from principal transactions</b>	<u>(154)</u>	<u>(77)</u>	<u>(39)</u>	<u>(35)</u>
<b>Total increase (decrease) in net assets</b>	<u>(114)</u>	<u>(71)</u>	<u>(37)</u>	<u>(32)</u>
<b>Net assets at December 31, 2007</b>	238	189	43	35
<b>Increase (decrease) in net assets</b>				
Operations:				
Net investment income (loss)	(2)	4	2	1
Total realized gain (loss) on investments and capital gains distributions	26	13	(6)	1
Net unrealized appreciation (depreciation) of investments	(126)	(48)	2	(12)
<b>Net increase (decrease) in net assets from operations</b>	<u>(102)</u>	<u>(31)</u>	<u>(2)</u>	<u>(10)</u>
Changes from principal transactions:				
Premiums	-	-	-	-
Surrenders and withdrawals	(9)	(36)	(4)	(2)
Cost of insurance and administrative charges	-	-	-	-
Benefit payments	-	-	-	-
Transfers between Divisions (including fixed account), net	(3)	(32)	(37)	(2)
<b>Increase (decrease) in net assets derived from principal transactions</b>	<u>(12)</u>	<u>(68)</u>	<u>(41)</u>	<u>(4)</u>
<b>Total increase (decrease) in net assets</b>	<u>(114)</u>	<u>(99)</u>	<u>(43)</u>	<u>(14)</u>
<b>Net assets at December 31, 2008</b>	<u>\$ 124</u>	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ 21</u>

*The accompanying notes are an integral part of these financial statements.*

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Notes to Financial Statements**

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**1. Organization**

Security Life of Denver Insurance Company Security Life Separate Account S-A1 (the “Account”) was established by Southland Life Insurance Company (“Southland Life”) on February 25, 1994.

Effective October 1, 2004, (the “merger date”), Southland Life was merged with and into Security Life of Denver Insurance Company (“SLD” or the “Company”). As of the merger date, Southland Life ceased to exist and was succeeded by SLD. In conjunction with the merger, the Account was transferred to SLD and had its name changed to Security Life of Denver Insurance Company Separate Account S-A1. The Company is a wholly owned subsidiary of ING America Insurance Holdings, Inc. (“ING AIH”), an insurance holding company domiciled in the State of Delaware. ING AIH is an indirect wholly owned subsidiary of ING Groep, N.V., a global financial services holding company based in The Netherlands.

The Account supports the operations of the Future Dimensions Variable Annuity Contracts (“Future Dimensions Contracts” or the “Contracts”) previously issued by the Company. As of July 31, 1998, the Company ceased issuing new Future Dimensions Contracts. Current contractowners may continue to add purchase payments to their existing Contracts.

The Account is registered as a unit investment trust with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. SLD provides for variable accumulation and benefits under the Contracts by crediting annuity considerations to one or more divisions within the Account or the SLD fixed separate account, which is not part of the Account, as directed by the contractowners. The portion of the Account’s assets applicable to Contracts will not be chargeable with liabilities arising out of any other business SLD may conduct, but obligations of the Account, including the promise to make benefit payments, are obligations of SLD. The assets and liabilities of the Account are clearly identified and distinguished from the other assets and liabilities of SLD.

At December 31, 2008, the Account had 17 investment divisions (“Divisions”), 4 of which invest in independently managed mutual funds and 13 of which invest in mutual funds managed by an affiliate, either Directed Services LLC (“DSL”) or ING Investments, LLC (“IIL”). The assets in each Division are invested in shares of a designated fund (“Fund”) of various investment trusts (“Trusts”).

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Notes to Financial Statements**

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Investment Divisions with asset balances at December 31, 2008 and related Trusts are as follows:

AIM Variable Insurance Funds: AIM V.I. Core Equity Fund - Series I Shares	ING Investors Trust (continued): ING Stock Index Portfolio - Institutional Class
Fidelity® Variable Insurance Products: Fidelity® VIP Equity-Income Portfolio - Initial Class	ING Van Kampen Capital Growth Portfolio - Institutional Class
Fidelity® Variable Insurance Products II: Fidelity® VIP Contrafund® Portfolio - Initial Class	ING VP Index Plus International Equity Portfolio - Service Class
Fidelity® Variable Insurance Products V: Fidelity® VIP Investment Grade Bond Portfolio - Initial Class	ING Partners, Inc.: ING Oppenheimer Global Portfolio - Initial Class
ING Investors Trust: ING Evergreen Omega Portfolio - Institutional Class	ING Pioneer High Yield Portfolio - Initial Class*
ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class	ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class
ING Liquid Assets Portfolio - Institutional Class	ING Van Kampen Equity and Income Portfolio - Initial Class
ING Marsico International Opportunities Portfolio - Institutional Class	ING VP Balanced Portfolio, Inc.: ING VP Balanced Portfolio - Class I
ING MFS Utilities Portfolio - Service Class	* Divisions added in 2008

The names of certain Divisions were changed during 2008. The following is a summary of current and former names of those Divisions.

<u>Current Name</u>	<u>Former Name</u>
ING Investors Trust: ING Van Kampen Large Cap Growth Portfolio - Institutional Class	ING Investors Trust: ING FMR <sup>SM</sup> Large Cap Growth Portfolio - Institutional Class

During 2008, the following funds were closed to contractowners:

ING Investors Trust:  
ING Van Kampen Large Cap Growth Portfolio - Institutional Class  
 ING Variable Products Trust:  
ING VP High Yield Bond Portfolio - Class I

The following Division was available to contractowners during 2008 but did not have Net assets as of December 31, 2008:

ING Investors Trust:  
ING Pioneer Fund Portfolio - Service Class

The following Division was offered to contractowners during 2008 but had no activity as of December 31, 2008:

Fidelity® Variable Insurance Products V:  
Fidelity® VIP Money Market Portfolio - Initial Class

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Notes to Financial Statements**

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**2. Significant Accounting Policies**

The following is a summary of the significant accounting policies of the Account:

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from reported results using those estimates.

*Investments*

Investments are made in shares of a Fund and are recorded at fair value, determined by the net asset value per share of the respective Fund. Investment transactions in each Fund are recorded on the trade date. Distributions of net investment income and capital gains from each Fund are recognized on the ex-distribution date. Realized gains and losses on redemptions of the shares of a Fund are determined on a first-in, first-out basis. The difference between cost and current market value of investments owned on the day of measurement is recorded as unrealized appreciation or depreciation of investments.

*Federal Income Taxes*

Operations of the Account form a part of, and are taxed with, the total operations of SLD, which is taxed as a life insurance company under the Internal Revenue Code. Earnings and realized capital gains of the Account attributable to the contractowners are excluded in the determination of the federal income tax liability of SLD.

*Contractowner Reserves*

Prior to the annuity date, the Contracts are redeemable for the net cash surrender value of the Contracts. The annuity reserves of the Account are represented by net assets on the Statements of Assets and Liabilities and are equal to the aggregate account values of the contractowners invested in the Account Divisions. To the extent that benefits to be paid to the contractowners exceed their account values, SLD will contribute additional amounts to fund the benefit proceeds. Conversely, if amounts allocated exceed amounts required, transfers may be made to SLD.

All Contracts in the Account are currently in the accumulation period.

*Changes from Principal Transactions*

Included in Changes from Principal Transactions on the Statements of Changes in Net Assets are items which relate to contractowner activity, including deposits, surrenders

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Notes to Financial Statements**

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and withdrawals, benefits, and contract charges. Also included are transfers between the fixed account and the Divisions, transfers between Divisions, and transfers to (from) SLD related to gains and losses resulting from actual mortality experience (the full responsibility for which is assumed by SLD). Any net unsettled transactions as of the reporting date would be included in Payable to related parties on the Statements of Assets and Liabilities.

**3. Recently Adopted Accounting Standards**

*Fair Value Measurements*

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“FAS”) No. 157, “Fair Value Measurements” (“FAS No. 157”). FAS No. 157 provides guidance for using fair value to measure assets and liabilities whenever other standards require (or permit) assets or liabilities to be measured at fair value. FAS No. 157 does not expand the use of fair value to any new circumstances.

Under FAS No. 157, the FASB clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, FAS No. 157 establishes a fair value hierarchy that prioritizes the information used to develop such assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. FAS No. 157 also requires separate disclosure of fair value measurements by level within the hierarchy and expanded disclosure of the effect on earnings for items measured using unobservable data.

The adoption of FAS No. 157 on January 1, 2008 did not have an impact on the Account’s net assets or results of operations. New disclosures are included in the Financial Instruments footnote.

**4. Financial Instruments**

The Account invests assets in shares of open-end mutual funds, which process orders to purchase and redeem shares on a daily basis at the fund's next computed net asset values (“NAV”). The fair value of the Account’s assets is based on the NAVs of mutual funds, which are obtained from the custodian and reflect the fair values of the mutual fund investments. The NAV is calculated daily upon close of the New York Stock Exchange and is based on the fair values of the underlying securities.

The Account’s financial assets are recorded at fair value on the Statements of Assets and Liabilities and are categorized as Level 1 as of December 31, 2008, based on the priority

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Notes to Financial Statements**

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of the inputs to the valuation technique below. The Account had no financial liabilities as of December 31, 2008.

The FAS No. 157 fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in an active market.
- Level 2 - Quoted prices in markets that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:
  - a) Quoted prices for similar assets or liabilities in active markets;
  - b) Quoted prices for identical or similar assets or liabilities in non-active markets;
  - c) Inputs other than quoted market prices that are observable; and
  - d) Inputs that are derived principally from or corroborated by observable market data through correlation or other means.
- Level 3 - Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These valuations, whether derived internally or obtained from a third party, use critical assumptions that are not widely available to estimate market participant expectations in valuing the asset or liability.

## **5. Charges and Fees**

Under the terms of the Contracts, certain charges are allocated to the Contracts to cover SLD's expenses in connection with the issuance and administration of the Contracts. Following is a summary of these charges:

### *Mortality and Expense Risk Charges*

SLD assumes mortality and expense risks related to the operations of the Account and, in accordance with the terms of the Contracts, deducts a daily charge from the assets of the Account. For Future Dimension Contracts, daily charges are deducted at an annual rate of 1.37% of the average daily net asset value of each Division of the Account to cover these risks, as specified in the Contracts.

### *Asset Based Administrative Charges*

A daily charge to cover administrative expenses of the Account is deducted at an annual rate of 0.15% of the assets attributable to the Contracts.

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Notes to Financial Statements**

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*Contract Maintenance Charges*

An annual Contract maintenance fee of up to \$30 may be deducted from the accumulation value of Contracts to cover ongoing administrative expenses, as specified in the Contract.

*Contingent Deferred Sales Charges*

For certain Contracts, a contingent deferred sales charge (“Surrender Charge”) is imposed as a percentage that ranges up to 7.00% of each premium payment if the Contract is surrendered or an excess partial withdrawal is taken, as specified in the Contract.

*Transfer Charges*

A transfer charge of up to \$25 may be imposed on each transfer between Divisions in excess of twelve in any one calendar year.

*Premium Taxes*

For certain Contracts, premium taxes are deducted, where applicable, from the accumulation value of each Contract. The amount and timing of deduction depends on the contractowner’s state of residence.

**6. Related Party Transactions**

During the year ended December 31, 2008, management and service fees were paid indirectly to DSL, an affiliate of the Company, in its capacity as investment manager to ING Investors Trust and ING Partners, Inc. The Trusts’ advisory agreement provided for fees at annual rates ranging from 0.26% to 0.86% of the average net assets of each respective Division.

Management fees were also paid indirectly to IIL, an affiliate of the Company, in its capacity as investment advisor to the ING VP Balanced Portfolio, Inc. and ING Variable Products Trust. The annual fee rate ranged up to 0.58% of the average net assets of each respective Division.

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Notes to Financial Statements**

**7. Purchases and Sales of Investment Securities**

The aggregate cost of purchases and proceeds from sales of investments follows:

	Year Ended December 31			
	2008		2007	
	Purchases	Sales	Purchases	Sales
	<i>(Dollars in thousands)</i>			
AIM Variable Insurance Funds:				
AIM V.I. Core Equity Fund - Series I Shares	\$ 2	\$ 10	\$ 2	\$ 43
Fidelity® Variable Insurance Products:				
Fidelity® VIP Equity-Income Portfolio - Initial Class	16	58	73	198
Fidelity® Variable Insurance Products II:				
Fidelity® VIP Contrafund® Portfolio - Initial Class	29	131	268	310
Fidelity® Variable Insurance Products V:				
Fidelity® VIP Investment Grade Bond Portfolio - Initial Class	2	4	3	23
ING Investors Trust:				
ING Evergreen Omega Portfolio - Institutional Class	13	4	13	22
ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class	14	17	38	54
ING Liquid Assets Portfolio - Institutional Class	40	16	405	426
ING Marsico International Opportunities Portfolio - Institutional Class	21	9	76	132
ING MFS Utilities Portfolio - Service Class	5	22	87	95
ING Pioneer Fund Portfolio - Service Class	-	17	2	1
ING Stock Index Portfolio - Institutional Class	12	40	43	196
ING Van Kampen Capital Growth Portfolio - Institutional Class	305	28	15	99
ING Van Kampen Large Cap Growth Portfolio - Institutional Class	14	292	9	75
ING VP Index Plus International Equity Portfolio - Service Class	20	18	24	22
ING Partners, Inc.:				
ING Oppenheimer Global Portfolio - Initial Class	27	29	26	154
ING Pioneer High Yield Portfolio - Initial Class	37	1	-	-
ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class	34	18	29	162
ING Van Kampen Equity and Income Portfolio - Initial Class	12	70	11	81
ING Variable Products Trust:				
ING VP High Yield Bond Portfolio - Class I	3	41	6	39
ING VP Balanced Portfolio, Inc.:				
ING VP Balanced Portfolio - Class I	4	4	4	36

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Notes to Financial Statements**

**8. Changes in Units**

The net changes in units outstanding follow:

	Year Ended December 31					
	2008			2007		
	Units Issued	Units Redeemed	Net Increase (Decrease)	Units Issued	Units Redeemed	Net Increase (Decrease)
AIM Variable Insurance Funds:						
AIM V.I. Core Equity Fund - Series I Shares	11	936	(925)	47	3,505	(3,458)
Fidelity® Variable Insurance Products:						
Fidelity® VIP Equity-Income Portfolio - Initial Class	373	3,044	(2,671)	321	8,103	(7,782)
Fidelity® Variable Insurance Products II:						
Fidelity® VIP Contrafund® Portfolio - Initial Class	178	4,904	(4,726)	1,631	9,705	(8,074)
Fidelity® Variable Insurance Products V:						
Fidelity® VIP Investment Grade Bond Portfolio - Initial Class	24	242	(218)	43	1,332	(1,289)
ING Investors Trust:						
ING Evergreen Omega Portfolio - Institutional Class	48	261	(213)	914	1,565	(651)
ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class	311	1,561	(1,250)	2,059	3,468	(1,409)
ING Liquid Assets Portfolio - Institutional Class	7,423	5,386	2,037	36,835	39,486	(2,651)
ING Marsico International Opportunities Portfolio - Institutional Class	213	413	(200)	3,690	8,034	(4,344)
ING MFS Utilities Portfolio - Service Class	25	1,662	(1,637)	5,028	5,723	(695)
ING Pioneer Fund Portfolio - Service Class	-	1,360	(1,360)	89	64	25
ING Stock Index Portfolio - Institutional Class	19	3,331	(3,312)	1,823	14,107	(12,284)
ING Van Kampen Capital Growth Portfolio - Institutional Class	21,046	2,294	18,752	367	6,846	(6,479)
ING Van Kampen Large Cap Growth Portfolio - Institutional Class	259	28,152	(27,893)	821	6,548	(5,727)
ING VP Index Plus International Equity Portfolio - Service Class	-	2,662	(2,662)	2,042	1,780	262
ING Partners, Inc.:						
ING Oppenheimer Global Portfolio - Initial Class	416	2,433	(2,017)	568	10,161	(9,593)
ING Pioneer High Yield Portfolio - Initial Class	3,634	149	3,485	-	-	-
ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class	396	1,556	(1,160)	169	11,298	(11,129)
ING Van Kampen Equity and Income Portfolio - Initial Class	-	5,680	(5,680)	33	6,248	(6,215)
ING Variable Products Trust:						
ING VP High Yield Bond Portfolio - Class I	-	4,027	(4,027)	54	3,551	(3,497)
ING VP Balanced Portfolio, Inc.:						
ING VP Balanced Portfolio - Class I	2	447	(445)	11	3,252	(3,241)

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Notes to Financial Statements**

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**9. Unit Summary**

Division/Contract	Units	Unit Value	Extended Value
<b>AIM V.I. Core Equity Fund - Series I Shares</b>			
Contracts in accumulation period	9,879.760	\$ 7.95	\$ 78,544
<b>Fidelity® VIP Equity-Income Portfolio - Initial Class</b>			
Contracts in accumulation period	26,606.194	\$ 12.50	\$ 332,577
<b>Fidelity® VIP Contrafund® Portfolio - Initial Class</b>			
Contracts in accumulation period	21,847.718	\$ 18.53	\$ 404,838
<b>Fidelity® VIP Investment Grade Bond Portfolio - Initial Class</b>			
Contracts in accumulation period	1,615.530	\$ 16.02	\$ 25,881
<b>ING Evergreen Omega Portfolio - Institutional Class</b>			
Contracts in accumulation period	8,754.875	\$ 9.31	\$ 81,508
<b>ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class</b>			
Contracts in accumulation period	8,383.470	\$ 9.48	\$ 79,475
<b>ING Liquid Assets Portfolio - Institutional Class</b>			
Contracts in accumulation period	20,208.903	\$ 10.98	\$ 221,894
<b>ING Marsico International Opportunities Portfolio - Institutional Class</b>			
Contracts in accumulation period	11,655.378	\$ 9.04	\$ 105,365
<b>ING MFS Utilities Portfolio - Service Class</b>			
Contracts in accumulation period	971.795	\$ 11.29	\$ 10,972
<b>ING Stock Index Portfolio - Institutional Class</b>			
Contracts in accumulation period	21,560.292	\$ 8.23	\$ 177,441
<b>ING Van Kampen Capital Growth Portfolio - Institutional Class</b>			
Contracts in accumulation period	37,131.460	\$ 7.44	\$ 276,258
<b>ING VP Index Plus International Equity Portfolio - Service Class</b>			
Contracts in accumulation period	3,487.357	\$ 6.42	\$ 22,389
<b>ING Oppenheimer Global Portfolio - Initial Class</b>			
Contracts in accumulation period	17,716.288	\$ 8.60	\$ 152,360
<b>ING Pioneer High Yield Portfolio - Initial Class</b>			
Contracts in accumulation period	3,485.385	\$ 7.23	\$ 25,199

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Notes to Financial Statements**

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<u>Division/Contract</u>	<u>Units</u>	<u>Unit Value</u>	<u>Extended Value</u>
<b>ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class</b>			
Contracts in accumulation period	15,784.791	\$ 7.85	\$ 123,911
<b>ING Van Kampen Equity and Income Portfolio - Initial Class</b>			
Contracts in accumulation period	9,691.004	\$ 9.28	\$ 89,933
<b>ING VP Balanced Portfolio - Class I</b>			
Contracts in accumulation period	2,733.406	\$ 7.73	\$ 21,129

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Notes to Financial Statements**

**10. Financial Highlights**

A summary of unit values, units outstanding and net assets for variable annuity Contracts, expense ratios, excluding expenses of underlying Funds, investment income ratios, and total return for the years ended December 31, 2008, 2007, 2006, 2005 and 2004, follows:

	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>A</sup>	Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
AIM V.I. Core Equity Fund - Series I Shares						
2008	10	\$7.95	\$79	1.96%	1.52%	-31.17%
2007	11	\$11.55	\$125	0.71%	1.52%	6.45%
2006	14	\$10.85	\$155	(c)	1.52%	(c)
2005	(c)	(c)	(c)	(c)	(c)	(c)
2004	(c)	(c)	(c)	(c)	(c)	(c)
Fidelity® VIP Equity-Income Portfolio - Initial Class						
2008	27	\$12.50	\$333	2.45%	1.52%	-43.52%
2007	29	\$22.13	\$648	1.63%	1.52%	-
2006	37	\$22.13	\$820	3.27%	1.52%	18.41%
2005	48	\$18.69	\$899	1.76%	1.52%	4.24%
2004	64	\$17.93	\$1,152	1.61%	1.52%	9.87%
Fidelity® VIP Contrafund® Portfolio - Initial Class						
2008	22	\$18.53	\$405	0.94%	1.52%	-43.39%
2007	27	\$32.73	\$870	0.87%	1.52%	15.82%
2006	35	\$28.26	\$979	1.27%	1.52%	10.05%
2005	48	\$25.68	\$1,234	0.30%	1.52%	15.16%
2004	58	\$22.30	\$1,282	0.38%	1.52%	13.72%
Fidelity® VIP Investment Grade Bond Portfolio - Initial Class						
2008	2	\$16.02	\$26	3.51%	1.52%	-4.76%
2007	2	\$16.82	\$31	4.88%	1.52%	2.81%
2006	3	\$16.36	\$51	4.36%	1.52%	2.76%
2005	5	\$15.92	\$80	3.82%	1.52%	0.63%
2004	6	\$15.82	\$99	4.17%	1.52%	2.86%

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
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**Notes to Financial Statements**

	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>A</sup>	Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
ING Evergreen Omega Portfolio - Institutional Class						
2008	9	\$9.31	\$82	1.01%	1.52%	-28.44%
2007	9	\$13.01	\$117	-	1.52%	10.16%
2006	10	\$11.81	\$114	-	1.52%	4.33%
2005	13	\$11.32	\$143	(b)	1.52%	(b)
2004	(b)	(b)	(b)	(b)	(b)	(b)
ING JPMorgan Small Cap Core Equity Portfolio - Institutional Class						
2008	8	\$9.48	\$79	0.95%	1.52%	-30.70%
2007	10	\$13.68	\$132	-	1.52%	-3.12%
2006	11	\$14.12	\$156	0.07%	1.52%	15.27%
2005	14	\$12.25	\$175	-	1.52%	2.42%
2004	19	\$11.96	\$222	(a)	1.52%	(a)
ING Liquid Assets Portfolio - Institutional Class						
2008	20	\$10.98	\$222	2.86%	1.52%	1.20%
2007	18	\$10.85	\$197	5.30%	1.52%	3.63%
2006	21	\$10.47	\$218	4.04%	1.52%	3.36%
2005	26	\$10.13	\$266	2.93%	1.52%	1.50%
2004	28	\$9.98	\$279	(a)	1.52%	(a)
ING Marsico International Opportunities Portfolio - Institutional Class						
2008	12	\$9.04	\$105	1.25%	1.52%	-50.08%
2007	12	\$18.11	\$215	1.30%	1.52%	19.07%
2006	16	\$15.21	\$246	0.08%	1.52%	22.37%
2005	16	\$12.43	\$200	(b)	1.52%	(b)
2004	(b)	(b)	(b)	(b)	(b)	(b)
ING MFS Utilities Portfolio - Service Class						
2008	1	\$11.29	\$11	3.39%	1.52%	-38.67%
2007	3	\$18.41	\$48	-	1.52%	25.49%
2006	3	\$14.67	\$49	0.08%	1.52%	28.80%
2005	6	\$11.39	\$66	(b)	1.52%	(b)
2004	(b)	(b)	(b)	(b)	(b)	(b)

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Notes to Financial Statements**

	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>A</sup>	Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
ING Stock Index Portfolio - Institutional Class						
2008	22	\$8.23	\$177	3.54%	1.52%	-38.07%
2007	25	\$13.29	\$331	1.73%	1.52%	3.67%
2006	37	\$12.82	\$476	1.50%	1.52%	13.75%
2005	51	\$11.27	\$572	-	1.52%	3.02%
2004	88	\$10.94	\$964	(a)	1.52%	(a)
ING Van Kampen Capital Growth Portfolio - Institutional Class						
2008	37	\$7.44	\$276	-	1.52%	-49.93%
2007	18	\$14.86	\$273	-	1.52%	19.74%
2006	25	\$12.41	\$308	-	1.52%	2.73%
2005	34	\$12.08	\$409	0.51%	1.52%	13.64%
2004	48	\$10.63	\$512	(a)	1.52%	(a)
ING VP Index Plus International Equity Portfolio - Service Class						
2008	3	\$6.42	\$22	8.60%	1.52%	-44.70%
2007	6	\$11.61	\$71	-	1.52%	6.51%
2006	6	\$10.90	\$64	(c)	1.52%	(c)
2005	(c)	(c)	(c)	(c)	(c)	(c)
2004	(c)	(c)	(c)	(c)	(c)	(c)
ING Oppenheimer Global Portfolio - Initial Class						
2008	18	\$8.60	\$152	2.27%	1.52%	-41.22%
2007	20	\$14.63	\$289	1.15%	1.52%	4.95%
2006	29	\$13.94	\$409	0.06%	1.52%	16.17%
2005	39	\$12.00	\$468	(b)	1.52%	(b)
2004	(b)	(b)	(b)	(b)	(b)	(b)
ING Pioneer High Yield Portfolio - Initial Class						
2008	3	\$7.23	\$25	(d)	1.52%	(d)
2007	(d)	(d)	(d)	(d)	(d)	(d)
2006	(d)	(d)	(d)	(d)	(d)	(d)
2005	(d)	(d)	(d)	(d)	(d)	(d)
2004	(d)	(d)	(d)	(d)	(d)	(d)

**SECURITY LIFE OF DENVER INSURANCE COMPANY**  
**SECURITY LIFE SEPARATE ACCOUNT S-A1**  
**Notes to Financial Statements**

	Units (000's)	Unit Fair Value (lowest to highest)	Net Assets (000's)	Investment Income Ratio <sup>A</sup>	Expense Ratio <sup>B</sup> (lowest to highest)	Total Return <sup>C</sup> (lowest to highest)
ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Initial Class						
2008	16	\$7.85	\$124	0.55%	1.52%	-44.01%
2007	17	\$14.02	\$238	0.34%	1.52%	11.71%
2006	28	\$12.55	\$352	-	1.52%	7.45%
2005	37	\$11.68	\$435	(b)	1.52%	(b)
2004	(b)	(b)	(b)	(b)	(b)	(b)
ING Van Kampen Equity and Income Portfolio - Initial Class						
2008	10	\$9.28	\$90	4.30%	1.52%	-24.55%
2007	15	\$12.30	\$189	2.23%	1.52%	1.99%
2006	22	\$12.06	\$260	1.67%	1.52%	10.95%
2005	29	\$10.87	\$312	(b)	1.52%	(b)
2004	(b)	(b)	(b)	(b)	(b)	(b)
ING VP Balanced Portfolio - Class I						
2008	3	\$7.73	\$21	3.57%	1.52%	-29.21%
2007	3	\$10.92	\$35	3.92%	1.52%	4.00%
2006	6	\$10.50	\$67	(c)	1.52%	(c)
2005	(c)	(c)	(c)	(c)	(c)	(c)
2004	(c)	(c)	(c)	(c)	(c)	(c)

(a) As investment Division was not available until 2004, this data is not meaningful and is therefore not presented.

(b) As investment Division was not available until 2005, this data is not meaningful and is therefore not presented.

(c) As investment Division was not available until 2006, this data is not meaningful and is therefore not presented.

(d) As investment Division was not available until 2008, this data is not meaningful and is therefore not presented.

**A** The Investment Income Ratio represents dividends received by the Division, excluding capital gains distributions divided by the average net assets.

The recognition of investment income is determined by the timing of the declaration of dividends by the underlying fund in which the Division invests.

**B** The Expense Ratio considers only the expenses borne directly by the Account and is equal to the mortality and expense, administrative and other charges, as defined in Note 5.

**C** Total Return is calculated as the change in unit value for each Contract presented in the Statements of Assets and Liabilities.

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