

### Recent Developments

*Media stories today focusing on the uncertainty of AIG's financial condition have led to increased call volume across the country. The information below is organized to help company representatives respond to these concerns and to emphasize key talking points concerning the safety of client assets.*

### Important To Know

1. If AIG is not able to resolve its issues, any federal filing would not involve The Variable Annuity Life Insurance Company ("VALIC").
2. VALIC is an insurance company that is incorporated and domiciled in Texas.
3. VALIC is a separate company from the American International Group, Inc., its ultimate parent company.
4. Texas state insurance law regulates VALIC and the general account. These laws help to preserve and enhance the solvency of the general account and to assure that the contractual obligations to insurance clients are fulfilled.
5. VALIC's separate account was created under Texas law for the exclusive benefit of annuity clients.
6. Regarding AIG: as the U.S. financial crisis continues to deepen, AIG is actively developing plans to improve liquidity in this unsettling period in American financial history.
7. Although AIG faces short-term liquidity pressures, the company differs from other financial institutions that have been under pressure in that AIG has strong, well-positioned businesses in diverse markets around the world and a deep asset base.
8. The insurance policies written by AIG companies are direct obligations of its regulated insurance companies around the world. These companies are well capitalized and meet or exceed local regulatory capital requirements. These companies continue to operate in the normal course to meet our obligations to AIG's policyholders.
9. VALIC is committed to meeting its customers' needs.

### Asset Safeguards

VALIC underwrites, issues and guarantees our annuity products. VALIC is financially strong with \$3.4 billion in adjusted capital and surplus as of 6/30/08. Adjusted capital and surplus means that VALIC is able to completely cover its obligations (such as the fixed account options and fixed annuity contracts). VALIC's capital and surplus is completely separate from our ultimate parent, AIG.

1. **FIXED ANNUITY:** VALIC client assets in the guaranteed fixed investment options are protected by Texas state insurance regulations. The fixed options provide fixed rate earnings and a guarantee of principal. This guarantee is backed by the claims-paying ability of VALIC, which supports only the obligations of VALIC, not any obligations of AIG.
2. **VARIABLE ASSETS:** Client assets in the mutual funds or variable annuity account options are invested in mutual funds regulated by the SEC. A mutual fund's assets are owned by its shareholders and managed by a professional portfolio manager; thus, such funds are not affected by business actions involving AIG or AIG Retirement.
  - Further, since VALIC is domiciled in the State of Texas, Texas state law requires insurance company separate accounts to be held apart from the rest of the company assets. Therefore, the variable annuity separate account assets in these mutual funds are held for the exclusive benefit of the clients and their beneficiaries.

This insulation provides safety for each client, and ensures that the account is not subject to claims from any person or entity other than a contract owner, plan participant or beneficiary.

- The mutual fund and variable account options change in value each business day. Retirement investments are long-term investments, and fluctuating values means that when redeemed, the investments can be worth more or less than its original cost. This also means that client investment returns depend on the performance of the individual investments the client selected and not on the performance of AIG, or any of the AIG Retirement companies.

### **Safety and Guarantee of Fixed Interest Option**

1. A fixed annuity issued by VALIC is a protected and safe investment because VALIC is a strong insurance company. VALIC guarantees the premium (principal) invested in the fixed account options and also guarantees that interest will be paid periodically.
2. The annuity contract is governed and protected by state insurance regulations, as described below. The fixed account options and fixed annuities are part of VALIC's general account.
  - In accordance with the state requirements and the investment guidelines, VALIC's general account is primarily invested in high quality investment grade fixed income securities (bonds). The investment objective of the general account is to optimize yield, adjusting for credit risk, liquidity, and liability characteristics.
3. VALIC's financial strength ratings are shown in the table below. These ratings are assigned by ratings agencies following an in-depth review of company financials. Financial strength is important—you want the company that stands behind the insurance guarantees in an annuity to be there when you need it—when you're ready to take income or when your heirs need the funds that are due to them. Our ratings are competitive with those of our competitors. Please note that the financial ratings apply to the guaranteed fixed account options and not to the variable account options (since clients choose the mutual funds for the variable account options).

<b>VALIC: Financial Strength Ratings</b>			
			<i>as of 9/16/2008</i>
<b>Agency</b>	<b>Rating</b>	<b>Descriptor</b>	<b>Definition</b>
A.M. Best	<b>A</b>	Excellent	"Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations."
Fitch	<b>AA-</b>	Very Strong	"Denote a very low expectation of ceased or interrupted payments. They indicate very strong capacity to meet policyholder and contract obligations on a timely basis. This capacity is not significantly vulnerable to foreseeable events."
Moody's	<b>Aa3</b>	Excellent	"Insurance companies rated Aa offer excellent financial security. Together with the Aaa group, they constitute what are generally known as high-grade companies."
S&P	<b>A+</b>	Strong	"An insurer rated 'A' has STRONG financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings."

**Securities and investment advisory services are offered by AIG Retirement Advisors, Inc., member FINRA, SIPC and an SEC-registered investment advisor.**

# Talking Points

## Response to Recent Press Coverage on AIG's Liquidity



**Annuity contracts are issued by The Variable Annuity Life Insurance Company. Annuities and mutual funds offered by AIG Retirement Advisors, Inc. are distributed by its affiliate, American General Distributors, Inc., 2929 Allen Parkway, Houston, TX 77019, member FINRA.**

AIG Retirement is the marketing name for the group of companies comprising AIG Retirement Advisors, Inc.; AIG Retirement Services Company; and The Variable Annuity Life Insurance Company (VALIC); each of which is a subsidiary of American International Group, Inc.