

1. We assure you that AIG is committed to meeting its customers' needs.
2. The developments in financial markets during the past few days have been truly extraordinary.
3. As the U.S. financial crisis continues to deepen, Mr. Willumstad – AIG's Chairman and CEO – wants to assure you that AIG is actively developing plans to improve liquidity in this unsettling period. 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.
4. AIG has undertaken a comprehensive review of all its businesses with an eye toward improving results, reducing AIG's risk profile and protecting its capital base. The goal is to determine the optimal portfolio of businesses for AIG, sharpen its risk management and capital allocation processes, reduce expenses and strengthen its accounting and reporting infrastructure.
5. 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.

### **Additional AIG Background**

1. Here is some information that may help to reassure you during this time of heightened media attention.
2. Focusing on the parent company, American International Group, Inc. ("AIG"):<sup>1</sup>
  - AIG is a leading global insurance and financial services organization with 74 million customers around the world.
  - At June 30, 2008, assets were \$1.05 trillion and shareholders' equity was \$78.09 billion. In 2007, AIG had revenues of \$110 billion.
  - In May 2008, AIG ranked 5th by assets and 13<sup>th</sup> by revenues, on the Fortune 500, an annual ranking of America's largest corporations.
  - AIG continues to rank among the largest and strongest insurance and financial services companies in the world.

### **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. VALIC's capital and surplus are 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.

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<sup>1</sup> Data source: 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 protected by state insurance regulations, as described below. The fixed account options and fixed annuities are part of VALIC's general account.
  - First, 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.
  - Second, the state insurance regulations are substantial, designed to preserve and enhance the solvency of the general account and to assure that the contractual obligations to insurance clients are fulfilled. These regulations, along with the conservative investment requirements, help to safeguard client fixed account assets.
  - Third, it is important to note that the guarantee of principal is backed by VALIC's general account, which supports only the obligations of VALIC, and no other company.
3. VALIC's financial strength ratings remain among the highest designated as shown in the table below. 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, and in many cases, exceed those of our competitors. Financial ratings apply to the fixed account options and not to the variable account options.

# Talking Points

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



VALIC: Financial Strength Ratings			<i>as of 6/17/2008</i>
Agency	Rating	Descriptor	Definition
A.M. Best	<b>A+</b>	Superior	"Assigned to companies that have, in our opinion, a superior 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>Aa2</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>AA+</b>	Very Strong	"An insurer rated 'AA' has VERY STRONG financial security characteristics, differing only slightly from those rated higher."

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

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