

1. Why did AIG VALIC change its name to AIG Retirement?

AIG VALIC's strong leadership position in the 403(b) group retirement plan market, built over the past five decades on our success in helping millions of Americans save for retirement, faces new challenges today: our marketplace has shifted away from variable annuity-based group plans to mutual fund platforms, and our established client base has developed retirement-related financial needs that extend beyond saving.

We've responded to this trend with aggressive product development and expansion into innovative new services. Yet, the perception of our company in the marketplace does not accurately reflect the breadth of retirement solutions we offer.

As we introduce products and services to help investors in every phase of their financial life cycle, it is important that we also transform the image of our company to that of a full service retirement services firm – a company that brings flexibility, responsiveness, and customized solutions to plan sponsors and their employees.

2. Will the VALIC name remain in use?

Yes. The name change to AIG Retirement only impacts our distribution and service entities. The Variable Annuity Life Insurance Company (VALIC) will continue to serve as the name of the annuity insurance company.

3. What did AIG announce on May 8?

AIG reported a net loss of \$7.81 billion for the first quarter of 2008. The first-quarter results were impacted by a \$5.92 billion after-tax unrealized decline in the market value of the AIG Financial Products (AIGFP) super senior credit default swap portfolio. First quarter results also included an after-tax \$3.96 billion capital loss primarily from other-than-temporary impairment charges in AIG's investment portfolio.

The first quarter loss is primarily due to the continuation of the weak U.S. housing market, the related disruption in the credit markets and equity market volatility. These factors were not material in the first quarter of 2007, which was a record quarter for AIG.

The 2008 other-than-temporary impairment charges were mostly due to the significant, rapid declines in market values of certain residential mortgage backed securities and other structured securities in the first quarter for which AIG concluded it could not reasonably assert that the recovery period would be temporary.

4. I understand that the company also announced its intention to raise capital. Why?

On May 8, AIG also announced plans to fortify its balance sheet and provide increased financial flexibility. AIG initiated a process to raise \$12.5 billion of capital to add to AIG's significant financial resources and enhance its ability to grow while maintaining the strength to withstand potential short-term market volatility. On May 22, AIG announced the completion of its capital raising program. The program raised a total amount of approximately \$20 billion through the sale of common stock, equity units and fixed income securities. The total amount raised exceeded the original targeted amount due to strong demand.

5. What impact does this announcement have on AIG Retirement?

It is important to note that AIG Retirement is in a completely different business than AIGFP. The Variable Annuity Life Insurance Company (VALIC) is a separately incorporated company whose primary business is offering fixed and variable annuities and mutual funds for group retirement plans.

6. Is my money safe at AIG Retirement?

Yes. AIG Retirement clients choose to invest in either fixed or variable investment options within our retirement plan products. The fixed option provides fixed rate earnings and a guarantee of principal. This guarantee is backed by the general account of VALIC, which supports only its own obligations, not any obligations of AIG.

Clients choosing the variable investment options, which include variable annuities and mutual funds, invest in mutual funds regulated by the SEC. The assets in these mutual funds are held by a qualified financial custodian for the exclusive benefit of the clients and their beneficiaries. The clients' investment returns depend on the performance of the individual investment funds they have selected.

7. What impact will the announcement have on AIG Retirement's financial strength?

VALIC is financially strong with \$3.1 billion of adjusted capital and surplus. AIG Retirement continues to be sharply focused on serving the retirement planning needs of our 1.8 million individual investors.

8. Have VALIC's financial strength ratings changed as a result of AIG's announcement?

Yes. VALIC's financial strength ratings remain among the highest designated by the respective rating agencies.

- On May 28, 2008, A.M. Best affirmed VALIC's financial strength at A++ (Superior) with a negative outlook. This rating is assigned to companies that Best believes have a superior ability to meet their ongoing obligations to policyholders.
- On May 22, 2008, Fitch Ratings affirmed VALIC's AA+ rating and removed it from Rating Watch Negative. The outlook is now negative.
- On May 22, 2008, Moody's Investors Service downgraded VALIC's financial strength from Aa1 to Aa2, with a stable outlook. This rating represents the third highest rating issued by the rating agency, and is comparable to most of our competitors.
- On May 8, 2008, Standard & Poor's affirmed VALIC's financial strength rating at AA+ and watch negative. This rating indicates very strong financial security characteristics.

9. What else can you tell me about AIG in light of recent news?

AIG continues to believe that the unrealized losses that have been recorded are not indicative of the losses it may realize over time. Additionally, AIG remains confident that although present economic conditions are difficult, AIG's competitive advantages, strong brand and unmatched global franchise position it extremely well for the future.

AIG's financial strength remains strong and is exemplified by:

- AIG's assets surpassed \$1 trillion and shareholders' equity was \$79.7 billion (as of 3/31/08)
- AIG is the seventh largest asset manager in the world
- AIG had revenues of \$110 billion in 2007
- AIG ranks among the largest and strongest insurance and financial services companies in the world – customers should be confident that AIG has ample resources to meet its obligations
- AIG is ranked 13th and 3rd in the Fortune 500 and Forbes Global 500, respectively (rankings as of 5/8/09 and 7/22/07)

Additional information

- AIG also announced an organizational change on May 8 that will increase senior management's focus on AIG businesses that are facing challenging market conditions.
- Steve Bensinger, Executive Vice President and Chief Financial Officer, has been appointed Vice Chairman – Financial Services, effective immediately. In his new role, Steve will be responsible for operations across AIG's Financial Services businesses and will continue his active involvement in AIG's corporate strategy and development activities. A search is underway to identify Steve's successor as Chief Financial Officer.

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.