

Frequently Asked Questions For Consumers

February 26, 2010

Q. What were the fourth quarter 2009 results for AIG?

A. On February 26, AIG announced its fourth quarter and full year results. After two profitable quarters, AIG did experience a loss in the fourth quarter of \$8.9 billion, due to the following key factors, some of which are non-recurring:

- \$4.0 billion of interest and amortization expense (after-tax) on its debt obligations to the Federal Reserve Bank of New York (FRBNY). Of this amount, \$3.4 billion was an accelerated amortization expense related to previously announced transactions that reduced its debt balance owed to the FRBNY by \$25 billion in Q4. The debt reduction of \$25 billion will reduce AIG's interest charges in 2010.
- A one-time \$1.5 billion loss (after-tax) from the pending sale of Nan Shan Life Insurance Co.
- The \$1.5 billion impact (after-tax) of an increase in commercial insurance loss reserves.
- \$2.7 billion valuation allowance charge for tax benefits that are not presently recognizable.

Q. How did Western National do in the fourth quarter?

A. Western National reports its financial information through the Domestic Life Insurance & Retirement Services (DLI&RS) segment of AIG, comprised of several life insurance and retirement services business that market their products and services under the brands of American General, AGLA, VALIC, Western National, SunAmerica Retirement Markets, SunAmerica Mutual Funds, SunAmerica Affordable Housing Partners, FSC Securities, Royal Alliance, and SagePoint Financial. DLI&RS reported strong fourth quarter and year end results, closing the year with its third consecutive positive quarter. For the full year 2009, operating income was over \$2.3 billion, including \$1 billion in the fourth quarter. Reflecting strong customer demand for its products and services, the group had over \$19 billion in premiums and deposits for 2009, with \$5.4 billion reported in the fourth quarter. Assets under management grew nearly 8% to \$230.9 billion, and total shareholder's equity at year end increased to nearly \$23 billion.

Q. Is Western National for sale?

A. No. In August, 2009, Bob Benmosche was elected as President and CEO of the American International Group, Inc. He immediately began to stabilize the company and focused on building value for core assets. Western National is a core asset, as Mr. Benmosche recently stated, "we are on our way to regaining our stature ...with strong U.S. life and annuity companies, and several other businesses that enhance the nucleus." There are no plans to sell, spin-off or create an initial public offering for Western National.

Q. Is Western National a strong company?

A. Yes. Western National maintains reserves that meet regulatory requirements and adequate capital and surplus. Western National is

regulated by its state of domicile for compliance and financial solvency independent of its parent or affiliates. This includes ongoing financial reporting to the regulator and periodic financial examinations.

All insurance companies are required under state law to maintain enough capital and surplus to satisfy their obligations to their contract and certificate holders. Total Adjusted Capital and Surplus, in addition to reserves, supports the company's guarantees of principal and interest. The type and quantity of investments in which insurance companies may invest surplus capital is also limited by state law.

Western National remains financially strong with over \$43 billion in assets and Total Adjusted Capital and Surplus of \$3.3 billion as of December 31, 2009 in addition to reserves held to meet policyholder benefits and claims.

Q. How is my fixed annuity guaranteed?

A. A fixed annuity from Western National offers protection against a volatile market by providing fixed rate earnings and a guarantee of principal. Your annuity will never earn less than the guaranteed minimum interest rate stated in your contract, and your earnings are guaranteed even if the stock market is down. This benefit is of particular value during times of market downturns when other investments may decrease in value. When the financial markets zig and the economy zags, it's important to have some protection from financial risks. You may choose to annuitize your contract by withdrawing your money in a steady stream of guaranteed payments. The above guarantees are backed by Western National's general account, or claims-paying ability, which supports only Western National's obligations and not any other company.

Q. What are your current ratings? Why are ratings important?

A. Independent ratings agencies, such as A.M. Best and Standard & Poor's, provide opinions on an organization's ability to meet its financial obligations to its policyholders, creditors and shareholders. Financial strength ratings are important because they represent an evaluation by the ratings agencies of an insurer's ability to meet its obligations to its policyholders.

Western National Financial Strength Ratings

as of February 26, 2010

Agency	Rating	Descriptor
A.M. Best ¹	A	Excellent
Fitch ²	A-	Strong
Moody's ³	A1	Good
S&P ⁴	A+	Strong

Outlook: ¹ Negative ² Evolving ³ Negative ⁴ Negative

Western National represents Western National Life Insurance Company.