

American General
Life Companies

July 13, 2011

Dear Valued Distribution Partner:

We hope this communication finds you well and enjoying summer!

One thing we've heard from many of our distribution partners is a desire for positive information about the company's comeback that can be shared with prospects and potential recruits.

Enclosed is a copy of an article about American General which was published in the June edition of *Insurance News Net* magazine. We thought you might find it interesting as it provides an overview of the company's long and distinguished 160-year history and, as the title suggests, how we are "writing a new chapter" in our success story.

Great progress continues to be made by our parent company, American International Group (AIG), under Bob Benmosche's leadership. The recent registered public offering of 300 million shares of AIG common stock (100 million by AIG and 200 million by the U.S. Treasury Dept.) represents another major milestone in AIG's comeback and furthers its mission to ensure the American taxpayers are paid back in full — all good news to share with your clients.

American General is poised for continued growth and success thanks in large part to our partnership with you. We want your business, we appreciate your business and will work hard to continue to earn your business each and every day.

Sincerely,



Mary Jane Fortin
President and CEO



Durr H. Sexton
SVP and Chief Distribution Officer

(Additional copies of the enclosed article are available in Forms Depot on eStation, our producer website. Order form number AGLC105240.)

American General: Writing a New Chapter

Mary Jane Fortin got her dream job—but it wasn't a job for just anyone. Some may have had second thoughts about taking the helm of American General Life, a subsidiary of American International Group, about a year after AIG, the world's largest insurance company, was the subject of the federal government's financial intervention—but not Fortin. She had been with the company since 2006 as chief financial officer and knew American General would remain viable. But what a trip it has been.

"It's certainly not dull, I can tell you that, and it's certainly not for the faint of heart," Fortin said. "It was an honor to be given the opportunity, but it was a period of great uncertainty."

Although 2007, 2008 and 2009 were tumultuous years, American General has successfully met some significant challenges during its 160-year history.

Since 1850, when The United States Life Insurance Co. started in New York City, the company has grown and morphed as it dealt with the Civil War and world wars, the Depression and recessions. U.S. Life would later merge with American General, which was one of the first multiline insurance companies when it formed in 1926 in Texas.

Although the company began just before the Great Depression, American General emerged in 1945 financially strong and ready to start acquiring. The company's history since World War II has been an ambitious series of acquisitions that allowed it to extend its reach into new products and new markets. Among its acquisitions of life

insurance companies, American General had the foresight to see the growth of annuities, and bought a majority stake in The Variable Annuity Life Insurance Co. (VALIC) in 1967. The company also branched out into consumer finance with the acquisition of Credit Thrift Financial in 1982. Although American General was an ever-growing enterprise, it still kept its eye on products and service, which ensured a high regard among producers. It was that esteem that helped the company weather one of its most daunting challenges during one of the worst financial disasters in American history.

In 2001, American General was purchased by a company even more acquisitional than itself—AIG, which had been built by that time to what many considered the world's largest insurance company. The match was a good fit for the companies, and American General continued its upward trajectory hand in hand with AIG.

However, in 2008, AIG's Financial Products division was holding billions of dollars in derivatives vulnerable to escalating bank runs. In a matter of days during that September, the federal government held nearly 80 percent of AIG's equity.

In the shadow of this, the staff of American General persevered.

"What inspired me was watching our employees fight through this, their resiliency in meeting the needs of our customers and keeping the place together," Fortin said. "It felt like a call to action."

Fortin was CFO at the time and worked with the CEO to keep morale up. "We talked a lot with the employees about what was happening with American General and with AIG," Fortin



American General headquarters
Houston, TX

For more information, call
our National Sales Desk at
1-800-677-3311.

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1926

American General Insurance Company is founded as one of the first multi-line insurance companies in the nation.

1940s

American General emerges from the Great Depression financially strong.

1968

American General acquires Life & Casualty of Tennessee and one-third interest in California-Western States Insurance Company.

1982

American General acquires Credit Thrift Financial and National Life and Accident Insurance Company.

2001

AIG purchases American General Corporation.

said. "We also reminded everybody about our 160-year history and that we've been through periods of great uncertainty before and we just needed to stay focused."

Robert Benmosche became the new chief in August 2009, the same month Fortin became CEO of American General. Benmosche had led MetLife through difficulties, so he was used to taking the helm during challenges.

"When Bob joined, I can tell you it was quite exciting for us here at the life company," Fortin recalled. "We had someone in New York leading AIG who understood our business, liked our business and wanted to understand our opportunities and challenges. He really focused on how he could help us restore the business to where it had been."

One of the key things Benmosche brought was reassurance. AIG was selling assets and American General was one of the businesses on the block. The life company has bought and been bought, so the idea of a change of ownership was not unfamiliar, but it was a bit disconcerting to some just the same. Then Benmosche said he wanted to keep American General.

"So we finally had certainty, quite frankly," Fortin said. "When the

crisis hit in 2008, there had been a lot of questions around what will happen to American General. At one point we were up for sale. So the best thing that happened in August of '09 was we had clarity. We were going to be part of AIG going

forward and we were happy about that."

Part of going forward was fixing relationships with producers. "Given the period of uncertainty, it was hard for some of our independent agents to represent us, and we understand that," Fortin said.

Benmosche visited with staff, wholesalers and producers, bringing an engaging, warm manner that reassured listeners.

"He came in here and just lit the place up in terms of firing up our employees, establishing a vision, having alignment, bringing laughter," Fortin said. "He's also traveled a lot with me telling our story and that's been powerful to have the CEO of AIG out there with American General."

Benmosche reorganized AIG and refocused the business. The company has since been structured mainly into two core divisions. One is Chartis, the property/casualty side, and the other is SunAmerica Financial Group, forming an enormous life insurance and retirement services business, including American General.

"Chartis and SunAmerica Financial Group each represent 50 percent of the core of AIG, and American General comprises approximately 40 percent of total earnings for SunAmerica," Fortin said. "SunAmerica has a huge footprint in the U.S. We're more than \$250 billion strong, that's just in assets under management, with American General's sister companies: Western National, VALIC and SunAmerica Retirement."

Fortin understood that her company needed to win back some wholesalers and producers, and it still has some work to do, but she says American General is getting traction.

"By staying focused on our customers, who have always been at our core, we have withstood the challenges of the past several years and now we've got the wind at our back." Fortin said. "As of year-end 2010, American General's pretax operating income was \$1.5 billion, up 18 percent over 2009."

Fortin said the company has plenty to be proud of:

- American General's capital levels today are higher than they were at the end of 2007, before the financial crisis.
- American General has more than \$900 billion of life insurance in force.
- The company paid approximately \$35 billion in claims in the last five years alone.
- American General generated \$1.5 billion of pretax operating earnings excluding realized gains and losses.
- The company has approximately \$70 billion in assets under management.

"We need to out-sell, out-support, out-earn the business," Fortin said. "That's really the mantra that we have—we don't just expect the business to come in the door. We need to hustle and we need to get out there and make a difference for that producer and their client. And I think they are seeing that we are making a difference." **TNN**



(From left) American General President Benjamin Woodson; American General Chairman and Founder Gus Wortham; and American General Vice Chairman E. R. Barrow stand in front of the boards at the New York Stock Exchange in 1969, the year American General was listed.

For more information, call our National Sales Desk at 1-800-677-3311.

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2008

AIG receives external support from the Federal Reserve Bank of New York. The U.S. Treasury becomes a 79.9% equity owner of AIG.

2009

Bob Benmosche is appointed President and CEO of AIG. Mary Jane Fortin is appointed President and CEO of AIG.

2010 (June)

Bob Benmosche states that Chartis and SunAmerica Financial Group will form the core of AIG's nucleus of businesses; American General is a key component of SunAmerica Financial Group.

2010 (December)

American General remains a financially strong enterprise, maintaining more than \$900 billion of life insurance in force.