

Frequently Asked Questions For Policyholders

May 12, 2009

Q. Is my money safe?

A. Yes. First SunAmerica Life Insurance Company (FSA) is financially strong with reserves that meet regulatory requirements and adequate capital and surplus. FSA is well positioned in its markets and continues to operate in the normal course to meet obligations to policyholders.

Q. Are insurance companies regulated?

A. Insurance is a highly regulated industry. All insurance companies doing business in the United States are regulated by state law, and required to maintain enough capital and surplus to satisfy their obligations to their policyholders. The type and quantity of investments in which insurance companies may invest surplus capital is also limited by state law.

Although various companies owned by American International Group, Inc. (AIG), are part of a larger insurance holding company system — including FSA — each insurance company subsidiary is responsible for the obligations associated with its contracts. The guarantees in your contract are backed by FSA.

FSA 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 undergoing periodic financial examination.

Q. How is my annuity protected by state insurance regulations?

A. FSA guarantees the premiums (principal) invested in the annuity and also guarantees that interest will be paid periodically. The fixed annuity contract is governed and protected by state insurance regulations. The fixed annuities are part of FSA's general account. In accordance with the state requirements and the investment guidelines, FSA'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.

Guarantees in your annuity are as strong as the general account of the insurance company. State insurance regulations surrounding general account management and investing are substantial, and intended to preserve the solvency of the insurance company general account. The purpose of such regulations is to assure that the contractual obligations to policyowners, such as the guarantees inherent in living and death benefits, are fulfilled. These regulations, which include conservative investment requirements, are intended to help minimize the risk to client assets in the general account and maximize the insurer's ability to pay claims from that account.

It is important to note that the guarantees within a fixed annuity contract are backed by the issuing life company's general account, which supports the obligations of that life company, and no other company.

Q. AIG announced first-quarter results. What can you tell me about this?

A. Progress at AIG was reflected in its first quarter earnings report released May 7, 2009. AIG posted its smallest quarterly loss in six quarters, with a net loss of \$4.35 billion for the first quarter, a dramatic reduction from the loss reported in the last quarter for 2008. Also, AIG did not announce any new arrangements with the Federal Reserve or the U.S. Treasury and, instead, continued executing on the restructuring plan announced on March 2nd. Commenting on these results, AIG CEO Edward Liddy said, "AIG's first quarter 2009 results reflect our efforts, with the ongoing support of the Federal Reserve and the U.S. Treasury, to execute on our plans which were designed to maximize the value of our core businesses and repay the U.S. taxpayers."

For more information, the full press release is available at www.aig.com.

Q. What does the AIG restructuring mean for FSA?

A. AIG is moving forward with its efforts to position its insurance companies as discrete businesses, for the benefit of all stakeholders, including policyholders. FSA now has the time and flexibility to wait for market conditions to improve and to explore all options available to the business. What will not change is our commitment to policyholders.

Q. How would policyholders be affected by a change in ownership of the insurance company that issues their annuity contract?

A. A change in ownership of FSA would have no impact on a policyholder's contract provisions or contract value — annuity obligations to policyholders are governed by the contract and would not change. The contracts would continue to be backed by FSA, which is a strong company that is regulated by the state insurance department for the benefit of policyholders.

Q. What can you tell me about the recent news stories saying AIG paid out additional bonuses that were previously undisclosed?

A. Congress asked AIG for additional information regarding all performance compensation paid to employees around the world. AIG has provided details on some 374 variable performance plans for work done by employees last year. These payments are not part of AIG's corporate executive bonus pool, which AIG reported in March totaled approximately \$120 million.

AIG will continue to closely scrutinize all ongoing compensation planning to ensure that future awards are absolutely critical to the business and in the best interests of taxpayers.

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For information about AIG, please contact the AIG main office at 1-877-638-4244 or via e-mail at AnswerCenter@aig.com.

Q. What are your current ratings?

A. The table on this page provides ratings of FSA as of March 2, 2009. For more detailed information, please visit the individual rating agency Web sites.

Q. What do ratings mean?

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 an evaluation by the ratings agencies of an insurer's ability to meet its obligations to its policyholders.

Q. Are my annuity guarantees protected by FDIC or SIPC insurance?

A. No. While insurance company guarantees are not insured by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation,

FSA Financial Strength Ratings

as of 03/02/09

Agency	Rating	Descriptor	Definition
A.M. Best ¹	A	Excellent	"Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations."
Fitch ²	AA-	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 ³	A1	Good	"Insurance companies rated A offer good financial security. However, elements may be present which suggest a susceptibility to impairment sometime in the future. "
S&P ⁴	A+	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."

¹ Negative outlook ² Rating watch evolving ³ Developing outlook ⁴ Outlook negative

insurance companies do pay into State Guaranty Funds in the states in which they have contract owners. These guaranty funds exist to support claims

in case of an insurance company's insolvency.

Not FDIC-Insured		May Lose Value
Not a Deposit		No Bank Guarantee
Not Insured By Any Federal Government Agency		