



September 17, 2008

Dear MCCSC Employees:

We have all heard a significant amount of news, and rumors, regarding the financial health of the AIG companies. As a financial consultant to the employees of the MCCSC each participant is entitled to information that may impact his or her financial condition based on foreseeable events.

On Tuesday, the U.S. Federal Reserve stated that it would provide up to \$85 billion to AIG in a secured loan backed by all the assets of the company, and of its primary non-regulated subsidiaries. The central bank said the action comes with the full support of the United States Treasury Department.

The Federal Reserve said the loan provides liquidity to AIG to help it meet its obligations as they come due. This will facilitate the sale of certain businesses in an orderly manner, the Fed stated, and avoid as much disruption to the overall economy as possible. The Fed said that it expected AIG to sell off many, if not most, of its businesses and use the proceeds to repay the loan. The term of the loan is 24 months, meaning the Fed expects AIG to have repaid the money, with interest, by then.

Moreover, the insurance industry and its regulators long have had rules in place to protect investors. Generally, state guaranty associations exist to pay claims in the event that an insurance company fails. Commonly, when an insurer does fail there are funds available to cover claims either within policy limits or limits set by state laws.

Keep in mind the variable sub-accounts within your VALIC contracts are held with the individual investment companies, not with VALIC. VALIC provides the structure and record keeping of those funds, but does not hold the funds themselves. The fixed account however is a different story. The fixed account is an obligation of VALIC and falls under the state guarantees mentioned above. However, most of you can not move more than 20% of the fixed account value each year and therefore can't move all your money if you wanted. This restriction is in place to prevent a 1920's style "run on the bank" and helps keep the liquidity issues of the company from compounding.

We will continue to monitor the circumstances surrounding AIG and VALIC and will offer our opinion in order to assist you in your financial decisions.

Sincerely,

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