



AIG Life of Canada
60 Yonge Street
Toronto ON Canada M5E 1H5
416.596.2901
416.596.4185 Fax
1.877.PICK AIG (742.5244)

September 15, 2008

Peter C. McCarthy, TEP
President and Chief Executive Officer

Dear Valued Partner:

Our parent company AIG Inc. has been front-page news this week with speculation of possible restructuring, asset sales and, of course, falling stock values. We can assure you that AIG Inc. is taking all possible action to improve its financial performance, which has been so adversely affected by unrealized market losses on its investments tied to U.S. housing and credit markets. These actions include, but are not limited to, the possible sale of non-core, non-insurance businesses and raising additional permanent capital and/or temporary bridge financing.

It is important to note that the credit market exposure is largely concentrated in a few U.S. based finance and mortgage related businesses of AIG Inc. Although AIG Inc. faces short-term liquidity pressures, it differs from other financial institutions that have been under pressure in that it has strong, well-positioned businesses in diverse markets around the world and a deep asset base. As of June 30, 2008, AIG's assets exceed \$1 trillion and it operates in 130 countries and jurisdictions around the world.

The important message that we want to convey to you and our policyholders, who are looking to us both for reassurance, is that their **AIG Life of Canada** policy is safe. Some points to share with policyholders are:

- Their policy with AIG Life of Canada is safe and secure.
- AIG Life of Canada remains a strong, secure, well-capitalized business. It is a separate legal entity that operates only in Canada and has not been affected by the U.S. credit crisis.
- Insurance is a highly regulated industry and AIG's insurance subsidiaries in Canada and around the world are subject to stringent regulation in their home countries to ensure that they maintain enough capital and surplus to satisfy their obligations to their policyholders.
- In Canada, the Office of the Superintendent of Financial Institutions for Canada ("OSFI") regulates Canadian insurance companies for regulatory compliance and financial solvency. This includes ongoing financial reporting to OSFI and undergoing periodic financial examination. OSFI regulates AIG Life of Canada.
- AIG Life of Canada maintains assets, capital and surplus significantly greater than OSFI's requirements. These assets, capital and surplus are in Canada.
- AIG Life of Canada has no investments in either U.S. sub-prime mortgages or similar U.S. assets, which have caused the credit crisis, nor any investments in Canadian Asset Backed Commercial Paper (ABCP).

We hope that the above input is helpful in assisting you in your communication with our mutual clients. Should you have any additional questions or concerns please do not hesitate to contact us. AIG is confident that although present economic conditions in the U.S. are difficult, AIG Life of Canada has the strength, resources and commitment to meet the promises we have made to our customers.

We thank you for your continued support of AIG Life of Canada.

Sincerely,

Peter C. McCarthy, TEP
President and Chief Executive Officer