



American National Insurance Company

Financial Update As Of December 31, 2008 • ANICO.com



ROBERT L. MOODY

Chairman of the Board
Chief Executive Officer

G. RICHARD FERDINANDTSEN

President
Chief Operating Officer

Despite the impact of the financial market crisis, American National remains financially strong. As of the end of 2008, the Company's assets are \$13.6 billion with Liabilities of

\$11.8 billion and Stockholder's Equity of \$1.8 billion on a Statutory* reporting basis. A clear demonstration of American National's financial strength is that the company's assets are equal to more than 115% (Statutory) of those required to support the liabilities. American National has now paid dividends to stockholders for 98 consecutive years.

American National has investment guidelines designed to create and maintain a diversified investment portfolio. The diversification objectives include specific credit concentration limitations set at conservative levels. However, market disruptions caused by forced mergers and consolidations among a few financial companies late in 2008, created unusually large, but manageable, credit concentrations at year-end. It will take time and more normalized market conditions to restore our concentrations to levels consistent with company guidelines.

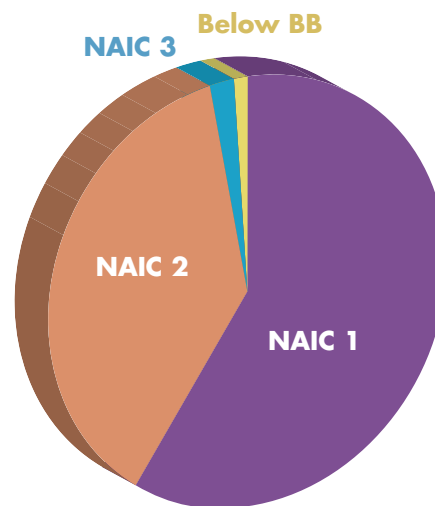
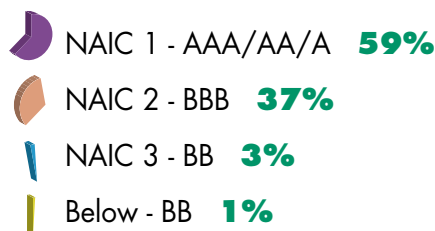
** State Insurance Departments require insurance companies to prepare unconsolidated financial statements based on statutory accounting principles. In general, statutory accounting principles are more conservative than Generally Accepted Accounting Principles (GAAP).*

Fixed income investments (investment grade bonds, collateralized mortgage obligations (CMOs) and commercial mortgages) are allocated by insurance product type. These portfolios provide empirical support for asset/liability modeling and are utilized to determine renewal crediting rates to meet product pricing objectives. American National's Asset/Liability Management Committee works to ensure the highest return possible on these portfolios commensurate with sound and prudent investment practices.

Fixed maturity securities (principally bonds and CMOs) backing American National's insurance products are high quality (95% investment grade) and well diversified among issuers. Although the company has miniscule exposure to the well publicized problems in the "sub-prime" or "Alt-A" type credit markets, the ripple effect from those problems has affected all financial intermediaries. Tight credit market, tumbling Treasury yields, forced mergers and acquisitions, and the press associated with "bailouts" in the insurance and other industries have caused spreads to widen and prices to fall.

Credit Rating Distribution of Fixed-Maturity Securities

(American National Unconsolidated Statutory Basis, Based On Ratings As Of December 31, 2008)



NAIC ratings are issued by the national Association of Insurance Commissioners and are similar to the rating agency designations of the nationally Recognized Organizations for marketable bonds. NAIC ratings 1 and 2 include bonds generally considered investment grade by such ratings organizations. NAIC ratings 3 through 6 include bonds generally considered below investment grade. Standard & Poor's ratings are also used above.

The American National Story

Chartered on March 17, 1905 by the company's founder, W. L. Moody Jr., American National began operations with \$100,000 of capital and \$20,000 surplus. Following a conservative investment philosophy, Mr. Moody believed that the company's profits should finance future growth, so American National did not pay dividends to investors in those early years.

Mr. Moody envisioned a company that would flourish for centuries. His conservative business approach created a unique corporate culture that remains the heart of the Company today. This culture has helped American National persevere through wars, hurricanes, economic volatility, extraordinary technological advancements, evolving products, and the changing needs of policyholders and agents.

Although 2008 was a year of unprecedented financial crisis, American National remains financially strong and will continue to manage its business respecting the conservative principles of its founder, driven by its corporate vision to be a leading provider of financial services for current and future generations.

Industry Recognition

American National was named to the 2008 Ward's 50 Group of top performing companies. Furthermore, American National is one of only thirteen organizations with affiliated companies in both property-casualty and life-health Ward's 50 groups of companies. According to The Ward Group, "the Ward's 50 are selected for achieving outstanding financial results in the areas of safety, consistency and performance over a five-year period (2002-2007)".

Safety and Security

American National Insurance Company ("American National") has been evaluated and assigned the following ratings by nationally recognized, independent rating agencies. The ratings are current as of April 2009.

A.M. Best's Rating: A+ (Superior)

2nd highest of 13 active company ratings ¹ "A superior ability to meet their ongoing obligations to policyholders"

Standard & Poor's Rating: AA- (Very Strong)

4th highest of 20 active company ratings ² "Very strong financial security characteristics, differing only slightly from those rated higher"

Ratings reflect current independent opinions of the financial capacity of an insurance organization to meet the obligations of its insurance policies and contracts in accordance with their terms. They are based on comprehensive quantitative and qualitative evaluations of the company and its management strategy. The rating agencies do not provide ratings as a recommendation to purchase insurance or annuities. The ratings are not a warranty of an insurer's current or future ability to meet its contractual obligations.

Ratings may be changed, suspended, or withdrawn at any time. For the most current ratings view the full rating reports on American National's Internet site at www.anico.com.

¹ A.M. Best's active company rating scale is: A++ (Superior), A+ (Superior), A (Excellent), A- (Excellent), B++ (Very Good), B+ (Very Good), B (Adequate), B- (Adequate), C++ (Fair), C+ (Fair), C (Marginal), C- (Marginal) and D (Poor).

² Standard & Poor's active company rating scale is: AAA (Extremely Strong), AA (Very Strong), A (Strong), BBB (Good), BB (Marginal), B (Weak); CCC (Very Weak), and CC (Extremely Weak). Plus (+) or Minus (-) modifiers show the relative standing within the categories from AA to CCC.

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