# SECURITIES LENDING AGENCY AGREEMENT

**THIS SECURITIES LENDING AGENCY AGREEMENT** is made as of July 18 2002 by and between AIG GLOBAL SECURITIES LENDING CORPORATION, a Delaware corporation ("AIG"), and THE VARIABLE ANNUITY LIFE INSURANCE COMPANY, a Texas-domiciled insurer (the "Lender").

RECITALS:

**WHEREAS**, the Lender desires to enter into agreements (the "Securities Lending Agreements") with third parties (the "Borrowers") pursuant to which the Lender will agree to lend the Borrowers Securities (hereinafter defined in Section 1.1); and

**WHEREAS**, the Lender wishes to retain the services of AIG as its agent in connection with any loans of the Securities to the Borrowers pursuant to the Securities Lending Agreements and any related transactions (collectively, the "Transactions") and the performance of the obligations of the Lender thereunder, and AIG wishes to provide such services to the Lender.

**NOW, THEREFORE**, in consideration of the promises and mutual covenants contained herein, the parties hereto agree as follows:

1. **Appointment and Duties of AIG**

1.1 Commencing on the date hereof, the Lender hereby appoints AIG, and AIG hereby accepts such appointment, as the Lender's exclusive agent and attorney-in-fact, with full power, discretion and authority to act on behalf of the Lender in connection with the Transactions and the performance of the obligations of the Lender under the Securities Lending Agreements and without limitation, to:

(a) identify Borrowers of the Securities and negotiate the terms and conditions of the Securities Lending Agreements and the Transactions entered into with such Borrowers (including but not limited to any related fees, expenses and collateral or margin requirements);

(b) take such action as may be necessary in order to satisfy the obligations of the Lender in connection with the Transactions, including but not limited to effecting transfers of cash, Securities and other property to and from accounts maintained by the Lender with banks, brokers or counterparties and assuring proper receipt on behalf of the Lender, of all cash, securities or other property due to the Lender in connection with the Transactions;

(c) manage the Lender's relationship with banks, brokers and counterparties (including but not limited to the Borrowers) in connection with the Transactions. Without limitation of the foregoing, AIG shall monitor the activities or such banks, brokers and counterparties in connection with the Transactions, review and determine the accuracy of all

reports provided to the Lender by such banks, brokers, and counterparties and use reasonable efforts to assure that any errors contained therein are promptly rectified; and

(d) provide such other services to the Lender in connection with the Transactions and the Securities Lending Agreements as may reasonably be requested by the Lender, provided that such services can reasonably be provided by the Agent.

For purposes of this Agreement, "Securities" shall mean securities held from time to time in the Lender's portfolio.

1.2 The Lender shall notify the Borrowers, as well as any banks, brokers or counterparties involved in the Transactions or the Securities Lending Agreements on behalf of the Lender, of the authority granted to AIG hereunder, and shall authorize such persons to receive and act upon the instructions of AIG to the same extent, and with the same force and effect, as if provided by the Lender directly. Without limitation of the foregoing, the Lender shall execute such additional documents or instruments as may be necessary in order to effectuate the provisions of this Section.

1.3 The Lender hereby agrees that the authorization granted to AIG hereunder shall be exclusive during the term of this Agreement and that the Lender shall not grant to any other person the authority to act on behalf of the Lender in connection with the Transactions under the Securities Lending Agreements provided that the Lender may revoke or limit all or a portion of the authority granted to AIG hereunder by written notice to AIG and provided further that the Lender shall remain responsible for the satisfaction of all financial obligations arising out of Transactions entered into or other actions taken by the Agent subject to and in accordance with the terms and conditions of this Agreement prior to the effective date of any such revocation or limitation of the Agent's authority hereunder. AIG will be subject to the written investment guidelines of the Lender as may from time to time be communicated to AIG. In addition, AIG will also be required to comply with the laws of the Lender's domicile which govern securities lending, a summary of which is attached as Exhibit 1 hereto, and investment pools, a summary of which is attached as Exhibit 2 hereto, each of such Exhibit 1 and Exhibit 2 being incorporated herein by reference. In the event of any inconsistency between the written investment guidelines of the Lender and the requirements of the laws of the Lender's domicile, the laws of the Lender's domicile shall govern.

1.4 The Lender acknowledges and agrees that AIG may delegate any of its duties and responsibilities hereunder to any person or entity (regardless of whether such person or entity is affiliated with AIG), with prior approval of the Lender. Any company that AIG delegates its authority to will be subject to all the guidelines of the Lender which AIG is subject to, including the Lender's investment guidelines.

1.5 AIG will deposit interest earned and other collections for the Lender's Securities into the Lender's account within ten (10) business days of receipt.

## 2. Representations and Warranties

2.1 Each party hereby represents and warrants to the other party that:

(a) It is duly organized and validly existing under the laws of the jurisdiction in which it is organized and is qualified to do business and is in good standing in each other jurisdiction in which the nature or conduct of its business requires such qualification and in which the failure to so qualify would materially adversely affect its ability to conduct its business activities.

(b) It has full power and authority to enter into and perform its obligations under this Agreement.

(c) This Agreement has been duly and validly authorized, executed and delivered on behalf of such party and is a valid and binding agreement of such party enforceable in accordance with its terms.

(d) The execution and delivery of this Agreement, the incurrence of the obligations set forth in this Agreement and the performance of such obligations will not violate, or constitute a breach of or default under, the governing documents of such party or any agreement or instruments by which it is bound or, to the best of such party's knowledge, any order, rule, law or regulation applicable to such party of any court or any governmental body or administrative agency or self-regulatory authority have jurisdiction over such party.

(e) There is not pending nor, to the best of such party's knowledge, threatened, any action, suit or proceeding before or by any court or other governmental or self-regulatory authority to which such party is a party which might reasonably be expected to result in any material adverse change in the financial condition or regulatory qualifications of such party or which might reasonably be expected to affect the ability of such party to perform its obligations hereunder, nor has any such action been pending, initiated or completed within the five years preceding the date of this Agreement.

(f) It, and each of its principals and employees is, and throughout the term of this Agreement will remain, in compliance, in every material respect, with any and all applicable laws and regulations material to the Transactions to be entered into, and other performance required, under the Securities Lending Agreements.

2.2 The Lender further represents and warrants that it has and will have full power and authority to enter into the Transactions pursuant to the Securities Lending Agreement and that is has and will have valid legal and beneficial ownership of all Securities which are the subject of such Transactions, free and clear of any and all liens, security interests and other encumbrances of any kind, with the exception of those created pursuant to the Transactions and the Securities Lending Agreements.

2.3 Each party will promptly notify the other of any material changes in any of the foregoing representations and warranties, or of any material change in its financial condition, business prospects or personnel.

3. **Covenants**

3.1 AIG hereby covenants and agrees as follows:

(a) In connection with its activities on behalf of the Lender, AIG will comply in all material respects with all applicable rules and regulations relating to the performance of its obligations hereunder.

(b) AIG will promptly notify the Lender of the commencement of any material suit, action, investigation or other proceeding involving it or its principals, whether or not any such suits, action or proceeding also involves the Lender or the activities of AIG hereunder.

(c) AIG will exercise good faith and due care in the performance of its obligations hereunder, will act at all times in the best interests of the Lender in connection therewith, and will not provide services to the Lender hereunder which it knows or has reason to know are inferior to any those provided to any other person for which AIG provides similar services or performs similar functions.

(d) AIG hereby agrees to provide the Lender, upon its reasonable request, with any and all material information and documentation regarding the services to be provided by AIG hereunder or any other matters related to this Agreement or the performance of AIG's obligations hereunder.

(e) AIG shall furnish the Lender with prompt reports of all Transactions entered into by AIG hereunder and with such other information and reports regarding the services and activities of AIG hereunder as may be reasonably requested by the Lender. The Lender may at any time, upon reasonable notice, inspect the books and records of AIG in connection with the lending of the Lender's Securities and may request reports in connection therewith from AIG. In addition, no later than the tenth business day of each month, AIG will provide a report to the Lender, summarizing the lending transactions engaged in on its behalf in the preceding month.

(f) AIG shall in connection with each loan of securities receive collateral with a market value equal to at least a percentage of the market value of the securities lent, which percentage shall not be less than the then prevailing industry standard for such transactions (such industry standard currently being 102% for domestic transactions and 105% for cross border transactions).

(g) All Loans must terminate within one year from the making thereof.

3.2 The Lender hereby covenants and agrees as follows:

(a) Upon the reasonable request of AIG, the Lender shall take any and all actions, and execute any and all documents or instruments, which are reasonably necessary in order to effectuate the Transactions entered into pursuant to the Securities Lending Agreements;

(b) Upon the reasonable request of AIG, the Lender shall provide AIG (and/or its designated agent) with any and all data, information and documentation which are reasonably necessary to AIG's performance of its obligations hereunder (and to the performance by AIG of the Lender's obligations under the Securities Lending Agreements), in such form and manner and at such times as may be reasonably specified by AIG (and/or its designated agent).

4. **Compensation and Other Payments**

4.1 In consideration of, and as compensation for, all of the services to be rendered by AIG under this Agreement, the Lender shall pay to AIG, or arrange for the Borrowers or other third parties to pay to AIG (in such manner and on such terms as may be acceptable to AIG) a monthly fee for each calendar month in which this Agreement remains in effect, in an amount equal to 50% of all fees or other compensation or income received or earned by or on behalf of the Lender (including but not limited to securities lending fees and net interest income, if applicable) during such calendar month in connection with Transactions entered into under the Securities Lending Agreements.

4.2 Without limitation of the foregoing, it is understood that the fees payable to AIG hereunder shall, unless AIG and the Lender otherwise agree, be deducted by AIG from the fees received by AIG on behalf of the Lender under the Securities Lending Agreements, and the remainder of any such fees shall be remitted or credited to the account of the Lender, in accordance with the Lender's instructions. AIG will bear all costs of the administration of the securities lending program, including cash collateral investment management fees, out of its portion of the fees received and none of these charges will be deducted from Lender's portion.

4.3 The amount of the fees due to AIG hereunder shall be calculated and determined by AIG, and the determination of AIG with respect to the amount of such fees shall be conclusive and binding absent manifest error. The fee to be paid by the Lender to AIG will not exceed that which the Lender would have to pay if it were to perform such services itself.

5. **Services Not Exclusive**: The services provided by AIG hereunder shall not be deemed to be exclusive and, subject to the terms of this Agreement (including but not limited to the terms of Section 3.1(c) hereof), AIG may engage in other business activities and provide services (including the services to be provided hereunder) to other persons provided that such other activities, and the provision of such other services does not materially adversely affect the capacity or the ability of AIG to continue to render the services required to be provided by it hereunder.

6. **Indemnification**

6.1 The Lender shall indemnify AIG, its officers, directors, stockholders, employees, agents and affiliates, and hold them harmless from and against any and all loss, liability, damage, claim, cost or expense (including but not limited to the reasonable fees and expenses of their legal counsel) arising out of or related to AIG's performance of its obligations hereunder, provided that such loss, liability, damage, claim, cost of expense did not occur as a result of or in connection with the negligence, bad faith or willful misconduct of AIG or any breach this Agreement by AIG.

6.2 AIG shall indemnify the Lender and its officers, directors, stockholders, employees, agents and affiliates, and hold them harmless from and against any and all loss, liability, damage, claim, cost or expense (including but not limited to the reasonable fees and expenses of their legal counsel) arising out of or related to any act or omission by AIG which constitutes gross negligence, bad faith or willful misconduct, or a breach of this Agreement.

6.3 The provisions of this Section 6 shall survive the termination of this Agreement.

7. **Term**

7.1 Except as otherwise provided in Section 7.2 hereof, this Agreement shall continue in full force and effect until terminated by either party upon six months' written notice to the other party.

7.2 Notwithstanding the provisions of Section 7.1 hereof, the Lender may terminate this Agreement immediately upon the occurrence of an Event of Default, as defined herein, or, if such Event of Default is curable, thirty days following the Lender's provision of written notice to AIG of such Event of Default, if such Event of Default is not cured within such thirty day period.

7.3 Any of the following events shall constitute an Event of Default hereunder:

(a) AIG shall fail to comply with the terms of this Agreement or any representation or warranty made by AIG hereunder ceases to be accurate and complete in any material respect;

(b) AIG merges with or is consolidated into another person or entity or enters into a joint venture or partnership with another person or entity which has the effect of a change in the control of AIG;

(c) AIG shall (i) commence a voluntary case or other proceeding seeking liquidation, reorganization or other similar relief with respect to itself or its debts under any bankruptcy, insolvency or similar law, or seeking the appointment of a trustee, receiver, liquidator, conservator, administrator, custodian or other similar official (each a "Custodian") of it or any substantial part of is assets, (ii) take any corporate action to authorize any of the foregoing, or (iii) have an involuntary case or other proceeding commenced against it seeking liquidation, reorganization or other similar relief with respect to itself or its debts under any bankruptcy, insolvency or similar law, or seeking the appointment of a Custodian of it or any substantial part of its assets, and such involuntary case or other proceeding is not dismissed within sixty days of its institution or presentation; or

(d) AIG shall become bankrupt or insolvent, as defined under any applicable bankruptcy or insolvency law, or shall otherwise be unable to pay its debts as they become due.

7.4 Except as otherwise provided herein, any termination of this Agreement in accordance with this Section 7 shall be without penalty or liability to any party, except for any fees due to AIG pursuant to Section 4 hereof.

8. **Confidentiality:** Each of the parties shall maintain in strict confidence any and all information and documentation it may obtain concerning any other party (including, without limitation, any information and/or documentation provided to the Lender by AIG pursuant to the terms of Section 3.1(d) of this Agreement), or concerning advice rendered or Transactions entered into by AIG or on behalf of the Lender, as a result of the services to be

provided under this Agreement, and shall not disclose any such information or documentation to any third parties without the prior written consent of the party from which such information or documentation was received, except as may be required by applicable law or regulation or by order of a court of competent jurisdiction, or as may be necessary or appropriate in connection with the performance of such party's obligations hereunder.

9. **Complete Agreement**: This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof.

10. **Assignment:** This Agreement may not be assigned by either party without the express prior written consent of the other party.

11. **Amendment**: This Agreement may not be amended except by the written consent of the parties.

12. **Notices**: All notices, demands or requests required to be made or delivered under this Agreement shall be in writing and delivered personally, by facsimile or by registered or certified mail, return receipt requested, postage prepaid, to the addresses below or to such other addresses as may be designated by the party entitled to receive the same by notice similarly given:

If to AIG:
AIG Global Securities Lending Corp.
175 Water Street
26th Floor
New York, New York 10038
Phone: (212) 458-2147
Fax: (212) 458-2244
Attention: Vice President
Securities Lending

If to Lender, at:
The Variable Annuity Life Insurance Company
c/o 70 Pine Street
New York, NY 10270
Phone: (212) 770-7000

13. **Governing Law**: This Agreement shall be governed by and construed in accordance with the laws of the State of New York, United States of America.

14. **Arbitration**: In the case of any dispute or controversy arising out of or in connection with this Agreement, the parties hereto hereby agree to submit said dispute or controversy to the American Arbitration Association in New York City for a resolution within 120 days after submission thereof by three arbitrators to be designated in accordance with the rules then in effect of the American Arbitration Association. Any decision or award by said arbitrators shall be binding on the parties hereto and, except in cases of gross fraud or misconduct by one or more of the arbitrators, the decision or award rendered with respect to such dispute shall not be appealable. Each party shall bear its own costs arising from any such

arbitration and the fees of the arbitrators shall be paid one half by AIG and one half by the Lender. In connection with the enforcement of any arbitration award rendered hereunder, each party hereby irrevocably submits to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, and waives any objection which it may have at any time to the laying of venue of any action brought in such court.

15. **Severability:** In the event that any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect under the law of jurisdiction, the validity, legality and enforceability of the remaining provisions under the law of such jurisdiction, and the validity, legality and enforceability of such and any other provisions under the law of any other jurisdiction, shall not be in any way affected or impaired thereby.

16. **Status of AIG:** It is understood and agreed that AIG shall act as the agent of the Lender solely for the purposes and in accordance with the terms and conditions set forth herein, that the status of AIG shall be that of an independent contractor and that nothing set forth herein shall be deemed to constitute any partnership, joint venture, association or other separate entity between AIG and the Lender. AIG shall not represent to any person that any such partnership, joint venture, association or other separate entity between AIG and the Lender exists, or that AIG is acting on behalf of the Lender in any capacity other than that of agent and independent contractor.

IN WITNESS WHEREOF, this agreement has been executed for and on behalf of the undersigned as of the day and year first above written.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

By: _____
Richard W. Scott
Vice President and Chief Investment Officer

AIG GLOBAL SECURITIES LENDING CORP.

By: _____
Name: Peter Adamczyk
Title: Managing Director

EXHIBIT 1

## SECURITIES LENDING (LIFE)

### Texas Statutory Authority Insurance Code Art.2.10-3A

(i) "Securities lending transaction" means a transaction in which securities are loaned by an insurer to a business entity that is obligated to return the loaned securities or equivalent securities to the insurer, either within a specified period or on demand.

(ii) Transactions Authorized. (a) An insurer may engage in securities lending, repurchase, reverse repurchase, and dollar roll transactions as provided by this article.

(iii) The insurer shall enter into a written agreement for each transaction, other than a dollar roll transaction, that requires each transaction to terminate not later than the first anniversary of the inception of the transaction.

(iv) Transaction Requirements. (a) Cash received in a transaction under this article must be:

(a) invested in accordance with this article and in a manner that recognizes the liquidity needs of the transaction; or

(b) used by the insurer for the insurer's general corporate purposes.

(v) While the transaction is outstanding, the insurer, or the insurer's agent or custodian, shall maintain, as to acceptable collateral received in a transaction under this section, either physically or through the book entry systems of the Federal Reserve, Depository Trust Company, Participants Trust Company, or other securities depositories approved by the commissioner:

(a) possession of the acceptable collateral;

(b) a perfected security interest in the acceptable collateral; or

(c) in the case of a jurisdiction outside of the United States, title to, or rights of a secured creditor to, the acceptable collateral.

(vi) An insurer may not enter into a transaction under this article if, as a result of and after giving effect to the transaction, the aggregate amount of securities loaned, sold to, or purchased from:

(a) any one business entity counterparty under this article would exceed five percent of the insurer's assets; or

(b) all business entities under this article would exceed 40 percent of the insurer's assets.

(vii) In computing the amount sold to or purchased from a business entity counterparty under a repurchase or reverse repurchase transaction, effect may be given to netting provisions under a master written agreement.

(viii) The amount of collateral required for a securities lending, repurchase, or reverse repurchase transaction is the amount required under the Purposes and Procedures Manual of the Securities Valuation Office or a successor publication.

(iv) The commissioner may adopt reasonable rules and orders consistent with, and as necessary to implement, this article.

EXHIBIT 2

# INVESTMENT POOLS (LIFE)

## Texas Insurance Code Art. 3.33 §4(g)

## DEFINITIONS

(i) Insurer Investment Pools for the purposes of this Subsection (g), the following definition shall apply:

(a) "Affiliate" means, as to any person, another person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the person.

## AUTHORIZED INVESTMENTS

(ii) An insurer may acquire investments in investment pools that:

### SHORT-TERM

(a) invest only in:

(1) obligations that are rated 1 or 2 by the Securities Valuation Office or have an equivalent of a Securities Valuation Office 1 or 2 rating (or, in the absence of a 1 or 2 rating or equivalent rating, the issuer has outstanding obligations with a Securities Valuation Office 1 or 2 or equivalent rating) by a nationally recognized statistical rating organization recognized by the Securities Valuation Office and have:

(a) a remaining maturity of 397 days or less or a put that entitles the holder to receive the principal amount of the obligation which put may be exercised through maturity at specified intervals not exceeding 397 days; or

(b) a remaining maturity of three years or less and a floating interest rate that resets no less frequently than quarterly on the basis of a current short-term index (federal funds, prime rate, treasury bills, London InterBank Offered Rate (LIBOR) or commercial paper) and is subject to no maximum limit, if the obligations do not have an interest rate that varies inversely to market interest rate changes;

(c) securities lending, repurchase and reverse repurchase transactions that meet the requirements of Art. 3.33§4(q) and any applicable regulations of the department; or

(d) money market mutual funds as authorized in Art. 3.33§4(s);

(e) provided that this short-term investment pool shall not acquire investments in any one business entity that exceed 10 percent of the total assets of the investment pool;

LONG-TERM

(f) invest only in investments which an insurer may acquire under this Art. 3.33, if the insurer's proportionate interest in the amount invested in these investments does not exceed the applicable limits of this article, and the aggregate amount of all investments in such other investment pools may not exceed 25 percent of the insurer's assets.

## AGGREGATE POOL LIMITATIONS

(iii) An insurer shall not acquire an investment in an investment pool under this subsection if after giving effect to the investment, the aggregate amount of investments in all investment pools then held by the insurer would exceed 35 percent of its assets.

## POOL QUALIFICATIONS

(iv) For an investment in an investment pool to be qualified under this article, the investment pool shall not:

(a) acquire securities issued, assumed, guaranteed or insured by the insurer or an affiliate of the insurer;

(b) borrow or incur any indebtedness for borrowed money, except for securities lending and reverse repurchase transactions.

(v) For an investment pool to be qualified under this article:

(a) the manager of the investment pool shall:

(1) be organized under the laws of the United States or a state and designated as the pool manager in a pooling agreement;

(2) be the insurer, an affiliated insurer, a business entity affiliated with the insurer, a custodian bank, a business entity registered under the Investment Advisors Act of 1940 (15 U.S.C. Section 80a- 1 et seq.), as amended, or, in the case of a reciprocal insurer or interinsurance exchange, its attorney-in-fact or, in the case of a United States branch of an alien insurer, its United States manager or affiliates or subsidiaries of its United States manager;

(3) the pool manager or an entity designated by the pool manager of the type set forth in (4)(A)(ii) shall maintain detailed accounting records setting forth:

(i) the cash receipts and disbursements reflecting each participant's proportionate investment in the investment pool;

(ii) a complete description of all underlying assets of the investment pool (including amount, interest rate, maturity date (if any) and other appropriate designations); and

(iii) other records which, on a daily basis, allow third parties to verify each participant's investments in the investment pool;

## POOL AGREEMENT REQUIREMENTS

(vii) the assets of the investment pool shall be held in one or more accounts, in the name or on behalf of the investment pool, either (i) under a custody agreement or trust agreement with a custodian bank or (ii) at the principal office of the pool manager. The applicable agreement shall:

(a) state and recognize the claims and rights of each participant;

(b) acknowledge that the underlying assets of the investment pool are held solely for the benefit of each participant in proportion to the aggregate amount of its investments in the investment pool; and

(c) contain an agreement that the underlying assets of the investment pool shall not be commingled with the general assets of the custodian bank or any other person.

(vii) The pooling agreement for each investment pool shall be in writing and shall provide that:

(a) the insurer, its subsidiaries, affiliates or, in the case of a United States branch of an alien insurer, affiliates or subsidiaries of its United States manager, and any unaffiliated insurer shall, at all times, hold 100 percent of the interests in the investment pool;

(b) the underlying assets of the investment pool shall not be commingled with the general assets of the pool manager or any other person;

(c) in proportion to the aggregate amount of each pool participant's interest in the investment pool:

(1) each participant owns an undivided interest in the underlying assets or the investment pool; and

(2) the underlying assets of the investment pool are held solely for the benefit of each participant;

(3) a participant, or, in the event of the participant's insolvency, bankruptcy, or receivership, its trustee, receiver, conservator or other successor-in-interest, may withdraw all or any portion of its investment from the investment pool under the terms of the pooling agreement;

(4) withdrawals may be made on demand without penalty or other assessment on any business day, but settlement of funds shall occur within a reasonable and customary period thereafter provided: (i) in the case of publicly traded securities, settlement shall not exceed five business days, and (ii) in the case of all other securities and investments, settlement shall not exceed 10 business days. Distributions under this paragraph shall be calculated in each case net of all then applicable fees and expenses of the investment pool. The pooling agreement shall provide that the pool manager shall distribute to a participant, at the discretion of the pool manager:

(i) in cash, the then fair market value of the participant's pro rata share of each underlying asset of the investment pool;

(ii) in kind, a pro rata share of each underlying asset; or

(iii) in a combination of cash and in kind distributions, a pro rata share in each underlying asset; and

(iv) the pool manager shall make the records of the investment pool available for inspection by the commissioner.

(viii) An investment in an investment pool shall not be deemed to be an affiliate transaction under Section 4, Article 21.49- 1, of this code; however each pooling agreement shall be subject to the standards of Section 4(a), Article 21.49- 1, of this code and the reporting requirements of Section 3(b), Article 21.49- 1, of this code.

# CONSENT AND AGREEMENT

The undersigned Lender under the Securities Lending Agency Agreement (the "Agreement") identified below, hereby consents, for the purposes of Section 1.4 of the Agreement, to the delegation, if any, effected by AIG Global Securities Lending Corp. (the "Agent") under each of its agreements, each as amended to date, identified below:

Affiliate Services Agreement dated October 8, 1998 with AIG Global Investment Corp. (Europe) Ltd.

Services Agreement dated October 8, 1998 with AIG Global Investment Trust Service Ltd.

Affiliate Services Agreement dated February 5, 1999 with AIG Equity Sales Corp.

Services Agreement dated December 10, 2001 with AIG Global Securities Lending (Asia), Ltd.

Custody Agreement dated July 30, 1999 with Mellon Bank, N.A.

Custody Agreement dated August 9, 2000 with Citibank NA London

Investment Advisory Agreement dated October 6, 1999 with AIG Capital Management Corp.

Investment Advisory Agreement dated October 6, 1999 with AIG Global Investment Corp.

The undersigned Lender acknowledges that the Agent acts as securities lending agent for other lenders, that the assets of the Lender will be lent together with those of other lenders, and that any cash collateral received in connection with such loans will be invested together with those of other lenders. The Agent acknowledges that, without limiting its obligations under the Agreement, it holds such cash collateral as agent for the Lender and other lenders in a fiduciary capacity. The Agent shall receive, maintain and invest such cash collateral, allocate the principal and investment earnings among the lenders, account for the cash collateral and report on such accounting to the lenders, and return the collateral to the applicable borrower when due, all in accordance with the explicit and implied terms of the applicable agreements with the Lender, the other lenders and the borrowers.

This consent and agreement will be effective as of the date of the Agreement.

Dated:

The Agent
AIG Global Securities Lending Corp.

By _____
Name: Peter Adamczyk
Title: Managing Director

The Lender
THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

By _____
Name: Richard W. Scott
Title: Vice President and Chief Investment Officer

Securities Lending Agency Agreement
dated July __, 2002

Reference is made to the Custody Agreement (the "Agreement") dated July 30, 1999 between the undersigned. Capitalized terms used without definition herein have the meanings set forth in the Agreement.

Section 1 of the Agreement provides that "the property in the Account shall be identified as belonging solely to the Client." The complete name of the Account, however, is "AIGGSL As Agent For Purpose Of Maintaining Sec Lend Coll." In addition, the recital clauses in the Agreement under WITNESSETH provide that:

> WHEREAS, the Client has been appointed and authorized as securities lending agent by various entities (hereinafter each as a "Lender" and collectively the "Lenders") for the purpose of making loans of such Lenders' securities and otherwise conducting a securities lending program on behalf of the Lenders (hereinafter the "Securities Lending Program"); and
>
> WHEREAS, the Client desires to establish a custody account to provide for the safekeeping and recordkeeping of certain property received by the Client as collateral for, and in respect of, loans of securities made by the Client in connection with the Securities Lending Program;

Without in any way amending or otherwise affecting the obligations of the parties under the Agreement, this confirms our mutual understanding that the assets in the Account are held by the Client in a fiduciary capacity for, and belong beneficially to, the Lenders.

Date:

AIG GLOBAL SECURITES LENDING CORP. (the "Client")

By _____ 4/20/01

Name Peter Adamczyk

Title Director - AIG Global Securities Lending

MELLON BANK, N.A. (the "Custodian")

By _____

Name C.A. Zotter

Title First Vice President