



Disclosure Statement for the Palladium® Multi-Year Guarantee Fixed Annuity

Thank you for applying for the Palladium® Multi-Year Guarantee Fixed Annuity. We want to make sure that you understand its features and benefits.

This annuity is a single premium fixed deferred annuity. This means you make a single premium payment at the time you apply for your annuity contract; no further premium payments are accepted. It is a tax-deferred annuity, which means you do not pay taxes on the interest earned until the money is paid to you. It is a fixed annuity, which means it earns a specified interest rate during the guaranteed period.

The annuity is intended for long-term accumulation needs, such as retirement planning. It is not meant to be used to meet short-term financial goals.

Please read the following information carefully, then sign and return the attached statement with your application.

If you have questions about this annuity, please contact your agent, broker or advisor, or contact a company representative at 1-800-252-9546.

THE ANNUITY CONTRACT

Select one of eight interest rate guarantee periods:

- Palladium® MYG 3 Palladium® MYG 4 Palladium® MYG 5 Palladium® MYG 6
 Palladium® MYG 7 Palladium® MYG 8 Palladium® MYG 9 Palladium® MYG 10

How will the value of my annuity grow?

Your annuity earns tax-deferred interest at a guaranteed minimum rate for a guaranteed period. You will receive a guaranteed interest rate of ____% in year 1, and ____% in years 2 through _____. Interest is credited to your annuity account daily.

Within 30 days after the end of the initial guarantee period, you may choose a new guarantee period or surrender (cancel and withdraw the money from) your annuity. If you do nothing, your annuity interest rate will renew for one year. The guaranteed rate depends on the current interest rates in the market. Interest is credited daily at the new rate in the new period. The interest rate is likely to change in the future and may be higher or lower than the rate shown above. However, the credited rate will never be less than the Minimum Guaranteed Interest Rate as specified in the contract.

The value in your annuity contract, known as the Annuity Value, is the sum of the net annuity premiums, less any partial surrenders and applicable surrender penalties, plus accumulated interest.

The account value of your annuity cannot go down.

BENEFITS

How do I get income (payouts) from my annuity?

Before the end of the guarantee period:

You may take systematic withdrawals from your contract, and these withdrawals may be started at issue or at some predetermined date in the future. The systematic withdrawals can be for a fixed amount or for interest that has accrued on your annuity value. In the first contract year withdrawals of all interest earned

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are free of surrender charges, Market Value Adjustment, or Excess Interest Deduction. Beginning in the second contract year and thereafter, up to 10% of the annuity value at the beginning of the contract year may be withdrawn free of surrender charges, Market Value Adjustment, or Excess Interest Deduction. For withdrawals in excess of the 10% of the annuity value, a partial surrender charge will apply and is calculated from the surrender charge schedule as defined below. Market Value Adjustment or Excess Interest Deduction may also be applied to the partial withdrawal (if applicable in the issue state).

After your guarantee period:

You may elect to receive the proceeds of your annuity in a lump sum or in a series of payments. We offer a variety of income payment options, including options that will pay you an income guaranteed for life. Your financial advisor can help you make the right choice for your needs at the time you elect to receive your annuity proceeds.

If you choose an income payment option you will no longer be able to take withdrawals or surrender your contract.

What happens after I die?

Upon the date proof of death of the owner is received by the company, the greater of the annuity value or the surrender value will be paid to the named beneficiary. Upon the date of proof of death of the annuitant who is not the owner is received by the company, the greater of the annuity value or the surrender value on the date of death will be paid to the named beneficiary. If you die after the income payments begin and there are any remaining guaranteed payments, they will be paid to the named beneficiary.

FEES, EXPENSES & OTHER CHARGES

If you surrender your annuity contract during the first ten years, a ten-year surrender charge schedule does apply to withdrawals in excess of the free withdrawal amount. However, within 30 days after the initial guarantee period, full surrender will be allowed without a surrender charge, Market Value Adjustment, or Excess Interest Deduction. After this 30-day period, the normal surrender charges according to the schedule below would apply. A Market Value Adjustment or Excess Interest Deduction may also be applied (if applicable in the issue state) during the 10-year surrender charge period.

Contract Year	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th
Surrender Charge	8	8	8	7	6	5	4	3	2	1

When insurance companies issue annuities, they assume several risks. One risk is the chance that contract owners will want to withdraw money from their annuities at a time when the market value of the investments backing their annuities is low. When an insurance company issues an annuity with a Market Value Adjustment (MVA) feature, the contract owner may share some of that risk through the MVA. This adjustment could increase or decrease the accumulation value of an annuity only if more than the penalty-free amount is withdrawn or the contract is surrendered during the surrender charge period. Because the insurance company and the contract owner share the risk with MVA annuities, a higher interest rate can usually be paid on MVA annuities than on similar annuities without MVAs.

The amount of the MVA is determined by a mathematical formula using an external index, which measures changes in the interest rate environment. In general, if external interest rates are lower at the time of withdrawal than at the time the premium was received, the surrender value will be increased. If external interest rates are higher at the time of withdrawal than at the time the premium was received, the surrender value will be reduced.

Guaranteed Minimum Cash Surrender Value

Your contract provides a minimum guarantee should you decide to surrender your contract. The Guaranteed Minimum Surrender Value is 90% of premium, accumulated at a minimum guaranteed interest rate as required by your state, minus any partial surrenders you may have taken from the contract, and premium taxes.

Do I pay any other fees or charges?

No. There aren't any other fees or charges on this annuity. Also, you pay only one premium for your annuity.

TAXES

How will payouts and withdrawals from my annuity be taxed?

Federal Income tax on annuity earnings is deferred until distributions are taken from the annuity. Distributions taken before age 59 ½ are subject to a 10% tax penalty unless an exception applies. If your state imposes a premium tax, it may be deducted from the money you receive. Income received under a settlement option is treated as part income (taxable) and part return of basis (not taxed). Additional rules apply to qualified annuities. Consult your tax advisor or tax attorney for your specific circumstances.

You can exchange one tax-deferred annuity for another without paying taxes on the earnings when you make the exchange. Before you do, compare the benefits, features, and costs of the two annuities. You may pay a surrender charge if you make the exchange during the first ten years you own the annuity. Also, you may pay a surrender charge if you make withdrawals from the new annuity during the first years you own it.

Does buying an annuity in a retirement plan provide extra tax benefits?

Buying an annuity within an IRA, 401(k), or other tax-deferred retirement plan does not give you any extra tax benefits. Choose your annuity based on its other features and benefits as well as its risks and costs, not its tax benefits.

OTHER INFORMATION

What else do I need to know?

- If you choose an income payment option you will no longer be able to take withdrawals or surrender your contract.
- We may change your annuity contract from time to time to follow federal or state laws and regulations. If we do, we'll tell you about the changes in writing.
- We pay the agent, broker, or firm for selling the annuity to you.
- Many states have laws that give you a set number of days to look at an annuity after you buy it. If you decide during that time that you don't want it, you can return the annuity and get all your money back. Read your contract to learn about your **free look** period.

What should I know about the insurance company?

Established in 1905, American National Insurance Company has been a consistent source of financial strength and long term planning which has earned the respect of its policy-owners. American National's financial strength and operating integrity have positioned it as a leader in the insurance industry. American National offers innovative insurance and related financial products, customer-focused service, and ranks among the larger life insurance companies in the United States.

For more information, please visit our website: www.anico.com

This Disclosure Statement is not intended to be a complete explanation of your contract. Please read your contract carefully for more complete details. The Palladium® Multi-Year Guarantee Fixed Annuity may not be available in all states. Contact your agent or American National Insurance Company with any questions.

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