

September 17, 2008

Dear First Command Client:

Even if you're not the sort of person who generally seeks out news on the stock market and economy, you've probably been hard pressed to avoid the steady drumbeat of bad news from the financial sector in recent weeks. The word "crisis" has been tossed around with enough frequency to make many people feel a bit uneasy about what's happening. So I'm writing to you today to provide some perspective and some reassuring information about the current state of affairs.

Let's start with the stock market. Just as it was on Black Monday in 1987, during the 1990 recession and at the conclusion of the Internet bubble in 2000, the market is being driven by the cyclical growth and correction inherent in our economic system as well as the emotional selling of investors overreacting to the current news focus. But just as it did when previous corrections and crises receded, the market will recover when investors adjust to the revised economic conditions and begin to think more logically about their investments. So I encourage you not to be distracted by current events and urge you to continue investing in accordance with a sound financial plan which takes into account your risk tolerance and overall values, goals and objectives. It's by being calm, patient and sticking to a plan during these times of volatility that you are ultimately rewarded for being an investor in the market. Maintaining this discipline over the long term increases the likelihood of achieving your long-term goals.

Now let me turn my focus to insurance. As you may be aware, it has been announced that AIG, the parent company of several of our insurance providers, will receive a large loan from the federal government to shore up its finances. As a result, we expect that there should be no negative consequences to policy holders, including First Command clients. Regardless, it is always important to remember that insurance is a highly regulated industry and there are significant safeguards in place to protect individual policy holders. We will continue to closely monitor the financial strength of AIG—just as we do for all of our insurance providers—and we will notify you of any developments which may affect your American General life insurance policies.

Coverage of the current crisis has included a significant amount of focus on the solvency of both commercial and investment banks. So I also want to take this opportunity to let First Command Bank customers know that:

- First Command Bank did not and does not engage in any of the mortgage lending and investment practices that are currently receiving so much negative attention in the media.
- All of First Command Bank's capital ratios are well in excess of the thresholds established by our regulators in order to be considered "well capitalized."
- First Command Bank has more than \$200,000,000 in excess liquidity to lend to our clients.

And even for those clients who bank somewhere other than First Command Bank, it's important to remember that FDIC deposit insurance covers the balance of each depositor's account, dollar-for-dollar, up to the insurance limit of \$100,000.

I believe that times like these are when the relationship you have with your First Command Advisor and our company is potentially most valuable. Our research consistently shows that clients who have a financial plan – and a relationship with a trusted advisor – are more likely to stay the course during times of market volatility than those without a plan.

First Command Financial Services, Inc., parent of First Command Financial Planning, Inc. (Member SIPC)

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So if you have a financial plan, this is a terrific time to meet with your Advisor and determine whether any adjustments are needed. And if you don't have a plan, I can't think of a better time to put one in place.

Sincerely yours,

A handwritten signature in black ink that reads "Scott Spiker". The signature is written in a cursive, flowing style.

J. Scott Spiker
Chief Executive Officer
First Command Financial Services, Inc.