

## VALIC Company I

Prospectus, October 1, 2011

### SAVING : INVESTING : PLANNING

VALIC Company I (“VC I”) is a mutual fund complex made up of 33 separate funds (collectively, the “Funds” and each a “Fund”), seven of which are described in this Prospectus. Each of the Funds has its own investment objective. Each Fund is explained in more detail in its Fund Summary contained in this prospectus.

International Equities Fund  
Mid Cap Index Fund  
Money Market I Fund  
Nasdaq-100 Index Fund  
Science & Technology Fund  
Small Cap Index Fund  
Stock Index Fund

Ticker Symbol:

VCIEX  
VMIDX  
VCIXX  
VCNIX  
VCSTX  
VCSLX  
VSTIX

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## FUND SUMMARY: INTERNATIONAL EQUITIES FUND

### Investment Objective

The Fund seeks to provide long-term growth of capital through investments primarily in a diversified portfolio of equity and equity-related securities of foreign issuers.

### Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. The Fund's annual operating expenses do not reflect the separate account fees charged in the variable annuity or variable life insurance policy ("Variable Contracts") in which the Fund is offered. Please see your Variable Contract prospectus for more details on the separate account fees.

**Annual Fund Operating Expenses** (expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.30%
Other Expenses	0.17%
Acquired Fund Fees and Expenses	0.04%
Total Annual Fund Operating Expenses	0.51%

### **Expense Example**

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The Example does not reflect charges imposed by the Variable Contract. See the Variable Contract prospectus for information on such charges. Although your actual costs may be higher or lower, based on these assumptions and the net expenses shown in the fee table, your costs would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$52	\$164	\$285	\$640

### **Portfolio Turnover**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 56% of the average value of its portfolio.

### Principal Investment Strategies of the Fund

The Fund invests, under normal circumstances, at least 80% of net assets in large-cap stocks domiciled in

developed markets located outside North America, utilizing both active and passive investment strategies.

The Fund's active investment strategy utilizes both quantitative and fundamental research and techniques to select securities, and combined with the Fund's passive investment strategy, has the objective of modest outperformance relative to the Morgan Stanley Capital International, Europe, Australasia and the Far East ("MSCI EAFE") Index. Although the Fund invests primarily in securities of issuers located in developed countries, the Fund may invest up to 15% of its net assets in securities of issuers located in emerging markets.

In addition to common stocks, the Fund may invest up to 20% of net assets in other securities, including convertible stocks, preferred stocks and warrants. The Fund may invest up to 33 $\frac{1}{3}$ % of total assets in futures and options, including covered put and call options on foreign currencies, listed and unlisted put and call options on currency futures, and listed and unlisted foreign currency contracts.

In order to generate additional income, the Fund may lend portfolio securities to broker-dealers and other financial institutions provided that the value of the loaned securities does not exceed 30% of the Fund's total assets. These loans earn income for the Fund and are collateralized by cash, securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, and such other securities as the Fund and the securities lending agent may agree upon.

### Principal Risks of Investing in the Fund

There can be no assurance that the Fund's investment objective will be met or that the net return on an investment in the Fund will exceed what could have been obtained through other investment or savings vehicles. Shares of the Fund are not bank deposits and are not guaranteed or insured by any bank, government entity or the Federal Deposit Insurance Corporation. As with any mutual fund, there is no guarantee that the Fund will be able to achieve its investment objective. If the value of the assets of the Fund goes down, you could lose money.

The following is a summary of the principal risks of investing in the Fund.

**Derivatives Risk:** The prices of derivatives may move in unexpected ways due to the use of leverage and other factors and may result in increased volatility or losses. The Fund may not be able to terminate or sell derivative positions, and a liquid secondary market may not always exist for derivative positions.

**Emerging Markets Risk:** In addition to the risks associated with investments in foreign securities,

## FUND SUMMARY: INTERNATIONAL EQUITIES FUND

emerging market securities are subject to additional risks, which cause these securities generally to be more volatile than securities of issuers located in developed countries.

**Foreign Investment Risk:** Investment in foreign securities involves risks due to several factors, such as illiquidity, the lack of public information, changes in the exchange rates between foreign currencies and the U.S. dollar, unfavorable political and legal developments, or economic and financial instability. Foreign companies are not subject to the U.S. accounting and financial reporting standards and may have riskier settlement procedures. U.S. investments that are denominated in foreign currencies or that are traded in foreign markets, or securities of U.S. companies that have significant foreign operations may be subject to foreign investment risk.

**Geographic Concentration Risk:** If the Fund invests a significant portion of its assets in issuers located in a single country, a limited number of countries, or a particular geographic region, it assumes the risk that economic, political and social conditions in those countries or that region may have a significant impact on its investment performance.

**Investment Company Risk:** An investment company may not achieve its investment objective or execute its investment strategy effectively, which may adversely affect the Fund's performance. The Fund invests in shares of another investment company and thus bears a proportionate share of the other investment company's expenses.

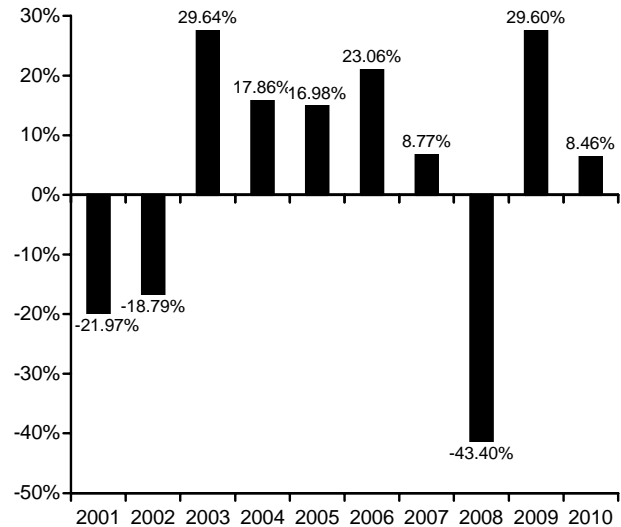
**Market Risk:** The Fund's share price can fall because of weakness in the broad market, a particular industry, or specific holdings or due to adverse political or economic developments here or abroad, changes in investor psychology, or heavy institutional selling. The price of individual securities may fluctuate, sometimes dramatically, from day to day. The prices of stocks and other equity securities tend to be more volatile than those of fixed income securities.

**Securities Lending Risk:** Engaging in securities lending could increase the market and credit risk for Fund investments. The Fund may lose money if it does not recover borrowed securities, the value of the collateral falls, or the value of investments made with cash collateral declines. If the value of either the cash collateral or the Fund's investments of the cash collateral falls below the amount owed to a borrower, the Fund also may incur losses that exceed the amount it earned on lending the security. Securities lending also involves the risks of delay in receiving additional collateral or possible loss of rights in the collateral if the borrower fails. Another risk of securities lending is the risk that the loaned portfolio securities may not be available to the Fund on a timely basis and the Fund may therefore lose the opportunity to sell the securities at a desirable price.

## Performance Information

The following Risk/Return Bar Chart and Table illustrate the risks of investing in the Fund by showing changes in the Fund's performance from calendar year to calendar year and comparing the Fund's average annual returns to those of the MSCI EAFE Index (net). Fees and expenses incurred at the contract level are not reflected in the bar chart or table. If these amounts were reflected, returns would be less than those shown. Of course, past performance is not necessarily an indication of how the Fund will perform in the future.

Prior to January 1, 2002, The Variable Annuity Life Insurance Company ("VALIC") was the manager of the Fund. PineBridge Investments, LLC (and its predecessors) ("PineBridge") assumed sub-advisory duties effective January 1, 2002.



During the periods shown in the bar chart, the highest return for a quarter was 25.37% (quarter ending June 30, 2009) and the lowest return for a quarter was -20.95% (quarter ending December 31, 2008). For the year-to-date through June 30, 2011, the Fund's return was 4.98%.

**Average Annual Total Returns** (For the periods ended December 31, 2010)

	1 Year	5 Years	10 Years
Fund	8.46%	1.27%	1.89%
MSCI EAFE Index (net)	7.75%	2.46%	3.50%

## FUND SUMMARY: INTERNATIONAL EQUITIES FUND

### Investment Adviser

The Fund's investment adviser is VALIC. The Fund is sub-advised by PineBridge.

### *Portfolio Managers*

<u>Name</u>	<u>Portfolio Manager of the Fund Since</u>	<u>Title</u>
Lan Cai, CFA	2001	Managing Director and Portfolio Manager, Listed Equities
Timothy Campion	2001	Vice President and Portfolio Manager
Michael Kelly, CFA	2001	Managing Director and Global Head of Asset Allocation and Structured Equities

For important information about purchase and sales of Fund shares, taxes and payments made to broker-dealers and other financial intermediaries, please turn to the section "Important Additional Information" on page 19.

## FUND SUMMARY: MID CAP INDEX FUND

### Investment Objective

The Fund seeks to provide growth of capital through investments primarily in a diversified portfolio of common stocks that, as a group, are expected to provide investment results closely corresponding to the performance of the S&P MidCap 400® Index (the "Index").

### Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. The Fund's annual operating expenses do not reflect the separate account fees charged in the variable annuity or variable life insurance policy ("Variable Contracts") in which the Fund is offered. Please see your Variable Contract prospectus for more details on the separate account fees.

**Annual Fund Operating Expenses** (expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.27%
Other Expenses	0.12%
Total Annual Fund Operating Expenses	0.39%

### **Expense Example**

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The Example does not reflect charges imposed by the Variable Contract. See the Variable Contract prospectus for information on such charges. Although your actual costs may be higher or lower, based on these assumptions and the net expenses shown in the fee table, your costs would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$40	\$125	\$219	\$493

### **Portfolio Turnover**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 18% of the average value of its portfolio.

### Principal Investment Strategies of the Fund

The Fund is managed to seek to track the performance of the Index, which measures the performance of the mid-capitalization sector of the U.S. equity market. The sub-adviser may endeavor to track the Index by purchasing every stock included in the Index, in the same proportions; or, in the alternative, the sub-adviser may invest in a sampling of Index stocks by utilizing a statistical technique known as "optimization." The goal of optimization is to select stocks which ensure that various industry weightings, market capitalizations, and fundamental characteristics, (e.g., price-to-book, price-to-earnings, debt-to-asset ratios and dividend yields) closely approximate those of the Index.

Under normal circumstances, at least 80% of the Fund's net assets are invested in stocks that are in the Index. The Fund may invest up to 33<sup>1</sup>/<sub>3</sub>% of total assets in futures and options, and up to 20% of net assets in investments that are not in the Index, including common stock and related securities, high quality money market securities, and illiquid securities.

Although the Fund seeks to track the performance of the Index, the performance of the Fund will not match that of the Index exactly because, among other reasons, the Fund incurs operating expenses and other investment overhead as part of its normal operations. The sub-adviser seeks a tracking difference of 0.05% or less.

In order to generate additional income, the Fund may lend portfolio securities to broker-dealers and other financial institutions provided that the value of the loaned securities does not exceed 30% of the Fund's total assets. These loans earn income for the Fund and are collateralized by cash, securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, and such other securities as the Fund and the securities lending agent may agree upon.

### Principal Risks of Investing in the Fund

There can be no assurance that the Fund's investment objective will be met or that the net return on an investment in the Fund will exceed what could have been obtained through other investment or savings vehicles. Shares of the Fund are not bank deposits and are not guaranteed or insured by any bank, government entity or the Federal Deposit Insurance Corporation. As with any mutual fund, there is no guarantee that the Fund will be able to achieve its investment objective. If the value of the assets of the Fund goes down, you could lose money.

The following is a summary of the principal risks of investing in the Fund.

**Derivatives Risk:** The prices of derivatives may move in unexpected ways due to the use of leverage and other

## FUND SUMMARY: MID CAP INDEX FUND

factors and may result in increased volatility or losses. The Fund may not be able to terminate or sell derivative positions, and a liquid secondary market may not always exist for derivative positions.

**Index Risk:** In attempting to track the performance of the Index, the Fund may be more susceptible to adverse developments concerning a particular security, company or industry because the Fund generally will not use any defensive strategies to mitigate its risk exposure.

**Market Risk:** The Fund's share price can fall because of weakness in the broad market, a particular industry, or specific holdings or due to adverse political or economic developments here or abroad, changes in investor psychology, or heavy institutional selling. The price of individual securities may fluctuate, sometimes dramatically, from day to day. The prices of stocks and other equity securities tend to be more volatile than those of fixed income securities.

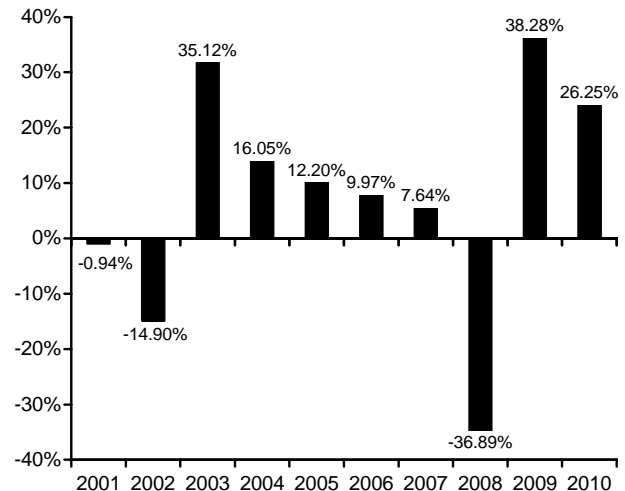
**Mid-Cap Company Risk:** Investing primarily in medium capitalization companies carries the risk that due to current market conditions these companies may be out of favor with investors. Stocks of medium capitalization companies may be more volatile than those of larger companies due to, among other reasons, narrower product lines, more limited financial resources and fewer experienced managers.

**Securities Lending Risk:** Engaging in securities lending could increase the market and credit risk for Fund investments. The Fund may lose money if it does not recover borrowed securities, the value of the collateral falls, or the value of investments made with cash collateral declines. If the value of either the cash collateral or the Fund's investments of the cash collateral falls below the amount owed to a borrower, the Fund also may incur losses that exceed the amount it earned on lending the security. Securities lending also involves the risks of delay in receiving additional collateral or possible loss of rights in the collateral if the borrower fails. Another risk of securities lending is the risk that the loaned portfolio securities may not be available to the Fund on a timely basis and the Fund may therefore lose the opportunity to sell the securities at a desirable price.

### Performance Information

The following Risk/Return Bar Chart and Table illustrate the risks of investing in the Fund by showing changes in the Fund's performance from calendar year to calendar year and comparing the Fund's average annual returns to those of the S&P MidCap 400® Index. Fees and expenses incurred at the contract level are not reflected in the bar chart or table. If these amounts were reflected, returns would be less than those shown. Of course, past performance is not necessarily an indication of how the Fund will perform in the future.

From October 1, 1999, to January 1, 2002, The Variable Annuity Life Insurance Company ("VALIC") was the manager of the Fund. PineBridge Investments, LLC (and its predecessors) ("PineBridge") assumed sub-advisory duties effective January 1, 2002. Effective December 1, 2009, SunAmerica Asset Management Corp. ("SAAMCo") replaced PineBridge as sub-adviser of the Fund.



During the periods shown in the bar chart, the highest return for a quarter was 20.19% (quarter ending September 30, 2009) and the lowest return for a quarter - 26.30% (quarter ending December 31, 2008). For the year-to-date through June 30, 2011, the Fund's return was 8.43%.

**Average Annual Total Returns** (For the periods ended December 31, 2010)

	1 Year	5 Years	10 Years
Fund	26.25%	5.46%	6.82%
S&P MidCap 400® Index	26.64%	5.73%	7.16%

### Investment Adviser

The Fund's investment adviser is VALIC. The Fund is sub-advised by SAAMCo.

### Portfolio Manager

Name	Portfolio Manager of the Fund Since	Title
James Kurtz	2009	Senior Vice President and Portfolio Manager

For important information about purchase and sales of Fund shares, taxes and payments made to broker-dealers and other financial intermediaries, please turn to the section "Important Additional Information" on page 19.

## FUND SUMMARY: MONEY MARKET I FUND

### Investment Objective

The Fund seeks liquidity, protection of capital and current income through investments in short-term money market instruments.

### Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. The Fund's annual operating expenses do not reflect the separate account fees charged in the variable annuity or variable life insurance policy ("Variable Contracts") in which the Fund is offered. Please see your Variable Contract prospectus for more details on the separate account fees.

**Annual Fund Operating Expenses** (expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.40%
Other Expenses	0.12%
Total Annual Fund Operating Expenses	0.52%

### **Expense Example**

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The Example does not reflect charges imposed by the Variable Contract. See the Variable Contract prospectus for information on such charges. Although your actual costs may be higher or lower, based on these assumptions and the net expenses shown in the fee table, your costs would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$53	\$167	\$291	\$653

### Principal Investment Strategies of the Fund

The Fund's principal investment strategy is to invest primarily in high-quality money market instruments selected principally on the basis of quality and yield.

The principal investment technique of the Fund is to invest in high-quality, short-term money market instruments, including U.S. government securities, certificates of deposit, bankers' acceptances and time deposits, commercial paper and other short-term obligations of U.S. and foreign corporations, repurchase agreements and asset-backed securities.

The Fund is a money market fund and seeks to maintain a stable share price of \$1.00. In order to do this, the

Fund must follow rules of the Securities and Exchange Commission ("SEC") as to the credit quality, liquidity, diversification and maturity of its investments.

### Principal Risks of Investing in the Fund

There can be no assurance that the Fund's investment objective will be met or that the net return on an investment in the Fund will exceed what could have been obtained through other investment or savings vehicles. Shares of the Fund are not bank deposits and are not guaranteed or insured by any bank, government entity or the Federal Deposit Insurance Corporation. As with any mutual fund, there is no guarantee that the Fund will be able to achieve its investment objective. If the value of the assets of the Fund goes down, you could lose money.

Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Because of the following principal risks the value of your investment may fluctuate and you could lose money.

The following is a summary of the principal risks of investing in the Fund.

**Risks of Investing in Money Market Securities:** An investment in the Fund is subject to the risk that the value of its investments in high-quality short-term obligations ("money market securities") may be subject to changes in interest rates, changes in the rating of any money market security and in the ability of an issuer to make payments of interest and principal.

**Credit Risk:** The issuer of a fixed income security owned by the Fund may be unable to make interest or principal payments.

**Financial Services Exposure Risk:** A substantial portion of the Fund's portfolio may be comprised of money market instruments issued by banks. As a result, events affecting issuers in the financial services industry, including changes in government regulation and interest rates and economic downturns, may impact the creditworthiness of such issuers or their ability to honor their financial obligations. These events could have a negative impact on the Fund.

**Interest Rate Risk:** The value of fixed income securities may decline when interest rates go up or increase when interest rates go down. The interest earned on fixed income securities may decline when interest rates go down or increase when interest rates go up. Longer-term and lower coupon bonds tend to be more sensitive to changes in interest rates.

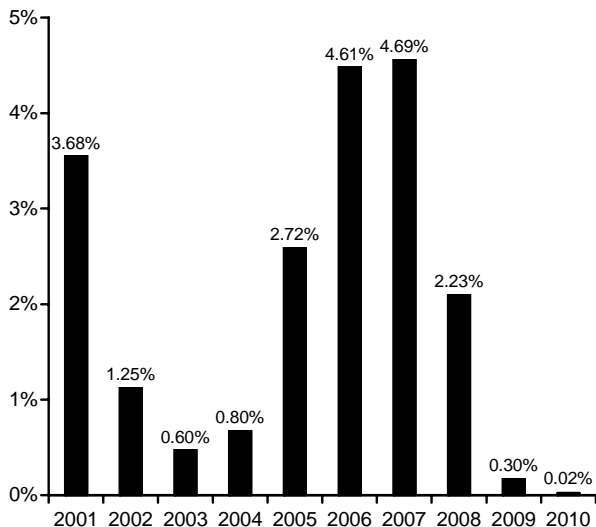
## FUND SUMMARY: MONEY MARKET I FUND

**U.S. Government Obligations Risk:** Unlike U.S. Treasury obligations, securities issued or guaranteed by federal agencies or authorities and U.S. Government-sponsored instrumentalities or enterprises may or may not be backed by the full faith and credit of the U.S. Government and are therefore subject to greater credit risk than securities issued or guaranteed by the U.S. Treasury.

### Performance Information

The following Risk/Return Bar Chart and Table illustrate the risks of investing in the Fund by showing changes in the Fund's performance from calendar year to calendar year and comparing the Fund's average annual returns to those of the T-Bill 3 Month Index. Fees and expenses incurred at the contract level are not reflected in the bar chart or table. If these amounts were reflected, returns would be less than those shown. Of course, past performance is not necessarily an indication of how the Fund will perform in the future.

Prior to January 1, 2002, The Variable Annuity Life Insurance Company ("VALIC") was the manager of the Fund. SunAmerica Asset Management Corp. ("SAAMCo") assumed sub-advisory duties effective January 1, 2002.



During the periods shown in the bar chart, the highest return for a quarter was 1.33% (quarter ending March 31, 2001) and the lowest return for a quarter 0.00% (quarter ending June 30, 2010). For the year-to-date through June 30, 2011, the Fund's return was 0.00%.

**Average Annual Total Returns** (For the periods ended December 31, 2010)

	1 Year	5 Years	10 Years
Fund	0.02%	2.35%	2.08%
T-Bill 3 Month Index	0.14%	2.13%	2.12%

### Investment Adviser

The Fund's investment adviser is VALIC. The Fund is sub-advised by SAAMCo.

For important information about purchase and sales of Fund shares, taxes and payments made to broker-dealers and other financial intermediaries, please turn to the section "Important Additional Information" on page 19.

## FUND SUMMARY: NASDAQ-100 INDEX FUND

### Investment Objective

The Fund seeks long-term capital growth through investments in the stocks that are included in the Nasdaq-100<sup>®</sup> Index (the "Index").

### Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. The Fund's annual operating expenses do not reflect the separate account fees charged in the variable annuity or variable life insurance policy ("Variable Contracts") in which the Fund is offered. Please see your Variable Contract prospectus for more details on the separate account fees.

The adviser has contractually agreed to reimburse the expenses of the Fund until September 30, 2012, so that the Fund's Total Annual Fund Operating Expenses After Expense Reimbursement do not exceed 0.53%. This agreement will be renewed in terms of one year unless terminated by the Board of Directors prior to any such renewal.

**Annual Fund Operating Expenses** (expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.40%
Other Expenses	0.23%
Total Annual Fund Operating Expenses	0.63%
Expense Reimbursement	0.10%
Total Annual Fund Operating Expenses After Expense Reimbursement	0.53%

### **Expense Example**

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses include expense reimbursements for year one. The Example does not reflect charges imposed by the Variable Contract. See the Variable Contract prospectus for information on such charges. Although your actual costs may be higher or lower, based on these assumptions and the net expenses shown in the fee table, your costs would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$54	\$192	\$341	\$777

### **Portfolio Turnover**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 29% of the average value of its portfolio.

### Principal Investment Strategies of the Fund

The Fund invests in stocks that are included in the Index. The Index represents the largest and most active non-financial domestic and international securities listed on The Nasdaq Stock Market, based on market value (capitalization). This includes major industry groups, such as computer hardware and software, telecommunications, retail and wholesale trade and biotechnology.

The sub-adviser invests, under normal circumstances, at least 80% of the Fund's net assets in companies that are listed in the Index. The Fund is managed to seek to track the performance of the Index. The sub-adviser may endeavor to track the Index by purchasing every stock included in the Index, in the same proportions; or, in the alternative, the sub-adviser may invest in a sampling of Index stocks by utilizing a statistical technique known as "optimization." The goal of optimization is to select stocks which ensure that various industry weightings, market capitalizations, and fundamental characteristics, (e.g., price-to-book, price-to-earnings, debt-to-asset ratios and dividend yields) closely approximate those of the Index.

The Fund may also invest in some futures contracts in order to help the Fund's liquidity. If the market value of the futures contracts is close to the Fund's cash balance, then that helps to minimize the tracking errors, while helping to maintain liquidity. The Fund is a non-diversified fund, which means that it will invest in a smaller number of issuers than a diversified fund.

The Fund may concentrate its investments (invest more than 25% of its total assets) in the technology sector, in the proportion consistent with the industry weightings in the Index.

Although the Fund seeks to track the performance of the Index, the performance of the Fund will not match that of the Index exactly because, among other reasons, the Fund incurs operating expenses and other investment overhead as part of its normal operations. The sub-adviser seeks a tracking difference of 0.05% or less.

In order to generate additional income, the Fund may lend portfolio securities to broker-dealers and other financial institutions provided that the value of the loaned securities does not exceed 30% of the Fund's total assets. These loans earn income for the Fund and are

## FUND SUMMARY: NASDAQ-100 INDEX FUND

collateralized by cash, securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, and such other securities as the Fund and the securities lending agent may agree upon.

### **Principal Risks of Investing in the Fund**

There can be no assurance that the Fund's investment objective will be met or that the net return on an investment in the Fund will exceed what could have been obtained through other investment or savings vehicles. Shares of the Fund are not bank deposits and are not guaranteed or insured by any bank, government entity or the Federal Deposit Insurance Corporation. As with any mutual fund, there is no guarantee that the Fund will be able to achieve its investment objective. If the value of the assets of the Fund goes down, you could lose money.

The following is a summary of the principal risks of investing in the Fund.

**Concentration Risk:** Substantial investments in a particular market, industry, group of industries, country, region, group of countries, asset class or sector make the Fund's performance more susceptible to any single economic, market, political or regulatory occurrence affecting that particular market, industry, group of industries, country, region, group of countries, asset class or sector than a fund that invests more broadly.

**Derivatives Risk:** The prices of derivatives may move in unexpected ways due to the use of leverage and other factors and may result in increased volatility or losses. The Fund may not be able to terminate or sell derivative positions, and a liquid secondary market may not always exist for derivative positions.

**Index Risk:** In attempting to track the performance of the Index, the Fund may be more susceptible to adverse developments concerning a particular security, company or industry because the Fund generally will not use any defensive strategies to mitigate its risk exposure.

**Market Risk:** The Fund's share price can fall because of weakness in the broad market, a particular industry, or specific holdings or due to adverse political or economic developments here or abroad, changes in investor psychology, or heavy institutional selling. The price of individual securities may fluctuate, sometimes dramatically, from day to day. The prices of stocks and other equity securities tend to be more volatile than those of fixed income securities.

**Non-Diversification Risk:** Because the Fund may invest in a smaller number of issuers, its value may be affected to a greater extent by the performance of any one of those issuers or by any single economic, political, market or regulatory event affecting any one of those issues than a fund that invests in a larger number of issuers.

**Sector Risk:** Companies with similar characteristics may be grouped together in broad categories called sectors. Sector risk is the risk that securities of companies within specific sectors of the economy can perform differently than the overall market. This may be due to changes in such things as the regulatory or competitive environment or to changes in investor perceptions regarding a sector. Because the Fund may allocate relatively more assets to certain sectors than others, the Fund's performance may be more susceptible to any developments which affect those sectors emphasized by the Fund. In addition, technology stocks historically have experienced unusually wide price swings, causing a wide variation in performance. Earnings disappointments and intense competition for market share can result in sharp declines in the prices of technology stocks.

**Securities Lending Risk:** Engaging in securities lending could increase the market and credit risk for Fund investments. The Fund may lose money if it does not recover borrowed securities, the value of the collateral falls, or the value of investments made with cash collateral declines. If the value of either the cash collateral or the Fund's investments of the cash collateral falls below the amount owed to a borrower, the Fund also may incur losses that exceed the amount it earned on lending the security. Securities lending also involves the risks of delay in receiving additional collateral or possible loss of rights in the collateral if the borrower fails. Another risk of securities lending is the risk that the loaned portfolio securities may not be available to the Fund on a timely basis and the Fund may therefore lose the opportunity to sell the securities at a desirable price.

**Technology Sector Risk:** Technology stocks historically have experienced unusually wide price swings, causing a wide variation in performance. Earnings disappointments and intense competition for market share can result in sharp declines in the prices of technology stocks.

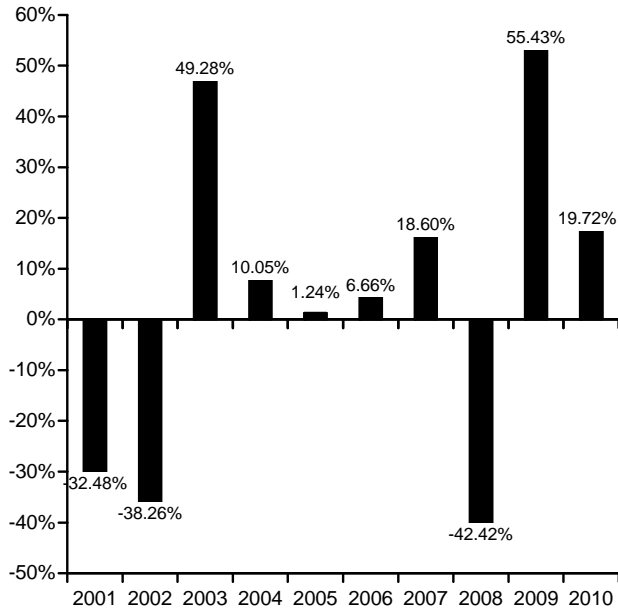
### **Performance Information**

The following Risk/Return Bar Chart and Table illustrate the risks of investing in the Fund by showing changes in the Fund's performance from calendar year to calendar year and comparing the Fund's average annual returns to those of the Nasdaq-100<sup>®</sup> Index. Fees and expenses incurred at the contract level are not reflected in the bar chart or table. If these amounts were reflected, returns would be less than those shown. Of course, past performance is not necessarily an indication of how the Fund will perform in the future.

Prior to January 1, 2002, American General Investment Management, L.P. was the sub-adviser of the Fund. From January 1, 2002 through November 30, 2009, PineBridge Investments, LLC (and its predecessors) ("PineBridge") served as sub-adviser of the Fund. Effective December 1, 2009, SunAmerica Asset

## FUND SUMMARY: NASDAQ-100 INDEX FUND

Management Corp. ("SAAMCo") replaced PineBridge as sub-adviser of the Fund.



During the periods shown in the bar chart, the highest return for a quarter was 35.45% (quarter ending December 31, 2001) and the lowest return for a quarter -36.17% (quarter ending September 30, 2001). For the year-to-date through June 30, 2011, the Fund's return was 4.98%.

**Average Annual Total Returns** (For the periods ended December 31, 2010)

	<u>1</u> <u>Year</u>	<u>5</u> <u>Years</u>	<u>10</u> <u>Years</u>
Fund	19.72%	6.27%	-0.62%
Nasdaq-100 Index	20.16%	6.79%	-0.14%

### Investment Adviser

The Fund's investment adviser is The Variable Annuity Life Insurance Company. The Fund is sub-advised by SAAMCo.

#### *Portfolio Manager*

<u>Name</u>	<u>Portfolio Manager of the Fund Since</u>	<u>Title</u>
James Kurtz	2009	Senior Vice President and Portfolio Manager

For important information about purchase and sales of Fund shares, taxes and payments made to broker-dealers and other financial intermediaries, please turn to the section "Important Additional Information" on page 19.

## FUND SUMMARY: SCIENCE & TECHNOLOGY FUND

### Investment Objective

The Fund seeks long-term capital appreciation.

### Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. The Fund's annual operating expenses do not reflect the separate account fees charged in the variable annuity or variable life insurance policy ("Variable Contracts") in which the Fund is offered. Please see your Variable Contract prospectus for more details on the separate account fees.

**Annual Fund Operating Expenses** (expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.88%
Other Expenses	0.14%
Acquired Fund Fees and Expenses	0.01%
Total Annual Fund Operating Expenses	1.03%

### **Expense Example**

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The Example does not reflect charges imposed by the Variable Contract. See the Variable Contract prospectus for information on such charges. Although your actual costs may be higher or lower, based on these assumptions and the net expenses shown in the fee table, your costs would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$105	\$328	\$569	\$1,259

### **Portfolio Turnover**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 111% of the average value of its portfolio.

### Principal Investment Strategies of the Fund

The Fund invests, under normal circumstances, at least 80% of net assets in the common stocks of companies that are expected to benefit from the development, advancement, and use of science and/or technology.

Investments may also include companies that should benefit from technological advances even if they are not directly involved in research and development. The Fund may invest in suitable technology companies through initial public offerings ("IPOs"), and a portion of the Fund's returns may be attributable to the Fund's investments in IPOs. There is no guarantee that as the Fund's assets grow it will be able to experience significant improvement in performance by investing in IPOs.

The Fund may invest up to 50% of its total assets in foreign securities, which include non-dollar denominated securities traded outside the U.S. In addition, the Fund has the ability to invest up to 20% of its total assets in companies organized or headquartered in emerging market countries, but no more than 15% of its total assets may be invested in any one emerging market country.

While most assets will be invested in common stocks, the Fund may also invest in exchange-traded funds ("ETFs") and derivatives, such as futures and options. The Fund has the ability to invest in short positions of ETFs and in short positions of individual securities, in the aggregate, up to 10% of total assets.

In order to generate additional income, the Fund may lend portfolio securities to broker-dealers and other financial institutions provided that the value of the loaned securities does not exceed 30% of the Fund's total assets. These loans earn income for the Fund and are collateralized by cash, securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, and such other securities as the Fund and the securities lending agent may agree upon.

### Principal Risks of Investing in the Fund

There can be no assurance that the Fund's investment objective will be met or that the net return on an investment in the Fund will exceed what could have been obtained through other investment or savings vehicles. Shares of the Fund are not bank deposits and are not guaranteed or insured by any bank, government entity or the Federal Deposit Insurance Corporation. As with any mutual fund, there is no guarantee that the Fund will be able to achieve its investment objective. If the value of the assets of the Fund goes down, you could lose money.

The following is a summary of the principal risks of investing in the Fund.

**Active Management Risk:** The investment style or strategy used by the Fund may fail to produce the intended result. The sub-adviser's assessment of a particular security or company may prove incorrect, resulting in losses or underperformance.

## FUND SUMMARY: SCIENCE & TECHNOLOGY FUND

**Active Trading Risk:** High portfolio turnover rates that are associated with active trading may result in higher transaction costs, which can adversely affect the Fund's performance. Active trading tends to be more pronounced during periods of increased market volatility.

**Derivatives Risk:** The prices of derivatives may move in unexpected ways due to the use of leverage and other factors and may result in increased volatility or losses. The Fund may not be able to terminate or sell derivative positions, and a liquid secondary market may not always exist for derivative positions.

**Foreign Investment Risk:** Investment in foreign securities involves risks due to several factors, such as illiquidity, the lack of public information, changes in the exchange rates between foreign currencies and the U.S. dollar, unfavorable political and legal developments, or economic and financial instability. Foreign companies are not subject to the U.S. accounting and financial reporting standards and may have riskier settlement procedures. U.S. investments that are denominated in foreign currencies or that are traded in foreign markets, or securities of U.S. companies that have significant foreign operations may be subject to foreign investment risk.

**Geographic Concentration Risk:** If the Fund invests a significant portion of its assets in issuers located in a single country, a limited number of countries, or a particular geographic region, it assumes the risk that economic, political and social conditions in those countries or that region may have a significant impact on its investment performance.

**Investment Company Risk:** An investment company or ETF may not achieve its investment objective or execute its investment strategy effectively, which may adversely affect the Fund's performance. The Fund invests in shares of another investment company and thus bears a proportionate share of the other investment company's expenses.

**IPO Risk:** Share prices of newly-public companies may fluctuate significantly over short periods of time.

**Market Risk:** The Fund's share price can fall because of weakness in the broad market, a particular industry, or specific holdings or due to adverse political or economic developments here or abroad, changes in investor psychology, or heavy institutional selling. The price of individual securities may fluctuate, sometimes dramatically, from day to day. The prices of stocks and other equity securities tend to be more volatile than those of fixed income securities.

**Sector Risk:** Companies with similar characteristics may be grouped together in broad categories called sectors. Sector risk is the risk that securities of companies within specific sectors of the economy can perform differently than the overall market. This may be due to changes in

such things as the regulatory or competitive environment or to changes in investor perceptions regarding a sector. Because the Fund may allocate relatively more assets to certain sectors than others, the Fund's performance may be more susceptible to any developments which affect those sectors emphasized by the Fund. In addition, technology stocks historically have experienced unusually wide price swings, causing a wide variation in performance. Earnings disappointments and intense competition for market share can result in sharp declines in the prices of technology stocks.

**Securities Lending Risk:** Engaging in securities lending could increase the market and credit risk for Fund investments. The Fund may lose money if it does not recover borrowed securities, the value of the collateral falls, or the value of investments made with cash collateral declines. If the value of either the cash collateral or the Fund's investments of the cash collateral falls below the amount owed to a borrower, the Fund also may incur losses that exceed the amount it earned on lending the security. Securities lending also involves the risks of delay in receiving additional collateral or possible loss of rights in the collateral if the borrower fails. Another risk of securities lending is the risk that the loaned portfolio securities may not be available to the Fund on a timely basis and the Fund may therefore lose the opportunity to sell the securities at a desirable price.

**Technology Sector Risk:** Technology stocks historically have experienced unusually wide price swings, both up and down. The potential for wide variation in performance reflects the special risks common to companies in the rapidly changing field of technology. For example, products and services that at first appear promising may not prove to be commercially successful or may become obsolete quickly. Earnings disappointments and intense competition for market share can result in sharp price declines.

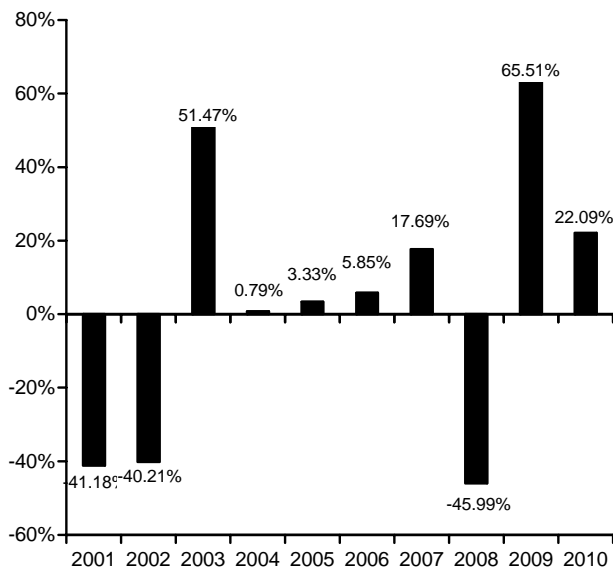
### Performance Information

The following Risk/Return Bar Chart and Table illustrate the risks of investing in the Fund by showing changes in the Fund's performance from calendar year to calendar year and comparing the Fund's average annual returns to those of the S&P<sup>®</sup> North American Technology Sector Index. Fees and expenses incurred at the contract level are not reflected in the bar chart or table. If these amounts were reflected, returns would be less than those shown. Of course, past performance is not necessarily an indication of how the Fund will perform in the future.

T. Rowe Price Associates, Inc. ("T. Rowe Price") has served as sub-adviser of the Fund since its inception. RCM Capital Management, LLC ("RCM") and Wellington Management Company, LLP ("Wellington Management") assumed co-sub-advisory duties on September 19, 2005 and on January 29, 2007, respectively.

## FUND SUMMARY: SCIENCE & TECHNOLOGY FUND

As of June 30, 2011, RCM, T. Rowe Price and Wellington Management each manage approximately one-third of the Fund's assets. The percentage of the Fund's assets that each sub-adviser manages may, at the adviser's discretion, change from time to time.



During the periods shown in the bar chart, the highest return for a quarter was 34.98% (quarter ending December 31, 2001) and the lowest return for a -40.15% (quarter ending September 30, 2001). For the year-to-date through June 30, 2011, the Fund's return was 5.74%.

**Average Annual Total Returns** (For the periods ended December 31, 2010)

	<u>1</u> <u>Year</u>	<u>5</u> <u>Years</u>	<u>10</u> <u>Years</u>
Fund	22.09%	6.34%	-2.78%
S&P <sup>®</sup> North American Technology Sector Index	12.65%	5.83%	-0.86%

### Investment Adviser

The Fund's investment adviser is VALIC. The Fund is sub-advised by RCM, T. Rowe Price and Wellington Management.

### **Portfolio Managers**

<u>Name</u>	<u>Portfolio Manager of the Fund Since</u>	<u>Title</u>
<i>RCM</i> Walter C. Price, Jr.	2005	Managing Director and Portfolio Manager
Huachen Chen	2005	Senior Portfolio Manager
<i>T. Rowe Price</i> Kennard W. Allen	2009	Vice President
<i>Wellington Management</i> John F. Averill, CFA	2007	Senior Vice President and Global Industry Analyst
Nicholas B. Boullet	2007	Vice President and Global Industry Analyst
Bruce L. Glazer	2007	Senior Vice President and Global Industry Analyst
Anita M. Killian, CFA	2007	Director and Global Industry Analyst
Michael Masdea	2010	Vice President and Global Industry Analyst

For important information about purchase and sales of Fund shares, taxes and payments made to broker-dealers and other financial intermediaries, please turn to the section "Important Additional Information" on page 19.

## FUND SUMMARY: SMALL CAP INDEX FUND

### Investment Objective

The Fund seeks to provide growth of capital through investment primarily in a diversified portfolio of common stocks that, as a group, the sub-adviser believes may provide investment results closely corresponding to the performance of the Russell 2000<sup>®</sup> Index (the "Index").

### Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. The Fund's annual operating expenses do not reflect the separate account fees charged in the variable annuity or variable life insurance policy ("Variable Contracts") in which the Fund is offered. Please see your Variable Contract prospectus for more details on the separate account fees.

**Annual Fund Operating Expenses** (expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.31%
Other Expenses	0.13%
Total Annual Fund Operating Expenses	0.44%

### **Expense Example**

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The Example does not reflect charges imposed by the Variable Contract. See the Variable Contract prospectus for information on such charges. Although your actual costs may be higher or lower, based on these assumptions and the net expenses shown in the fee table, your costs would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$45	\$141	\$246	\$555

### **Portfolio Turnover**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 13% of the average value of its portfolio.

### Principal Investment Strategies of the Fund

The Fund is managed to seek to track the performance of the Index, which measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. The sub-adviser may endeavor to track the Index by purchasing every stock included in the Index, in the same proportions. Or, in the alternative, the sub-adviser may invest in a sampling of Index stocks by utilizing a statistical technique known as "optimization." The goal of optimization is to select stocks which ensure that various industry weightings, market capitalizations, and fundamental characteristics (e.g., price-to-book, price-to-earnings, debt-to-asset ratios and dividend yields) closely approximate those of the Index.

The Fund invests, under normal circumstances, at least 80% of net assets in stocks that are in the Index, and up to 20% in investments that are not part of the Index, including common stock, related securities, illiquid securities, and high quality money market securities. The Fund may invest up to 33 $\frac{1}{3}$ % in futures and options.

Although the Fund seeks to track the performance of the Index, the performance of the Fund will not match that of the Index exactly because, among other reasons, the Fund incurs operating expenses and other investment overhead as part of its normal operations. The sub-adviser seeks a tracking difference of 0.05% or less.

In order to generate additional income, the Fund may lend portfolio securities to broker-dealers and other financial institutions provided that the value of the loaned securities does not exceed 30% of the Fund's total assets. These loans earn income for the Fund and are collateralized by cash, securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, and such other securities as the Fund and the securities lending agent may agree upon.

### Principal Risks of Investing in the Fund

There can be no assurance that the Fund's investment objective will be met or that the net return on an investment in the Fund will exceed what could have been obtained through other investment or savings vehicles. Shares of the Fund are not bank deposits and are not guaranteed or insured by any bank, government entity or the Federal Deposit Insurance Corporation. As with any mutual fund, there is no guarantee that the Fund will be able to achieve its investment objective. If the value of the assets of the Fund goes down, you could lose money.

The following is a summary of the principal risks of investing in the Fund.

**Derivatives Risk:** The prices of derivatives may move in unexpected ways due to the use of leverage and other

## FUND SUMMARY: SMALL CAP INDEX FUND

factors and may result in increased volatility or losses. The Fund may not be able to terminate or sell derivative positions, and a liquid secondary market may not always exist for derivative positions.

**Index Risk:** In attempting to track the performance of the Index, the Fund may be more susceptible to adverse developments concerning a particular security, company or industry because the Fund generally will not use any defensive strategies to mitigate its risk exposure.

**Market Risk:** The Fund's share price can fall because of weakness in the broad market, a particular industry, or specific holdings or due to adverse political or economic developments here or abroad, changes in investor psychology, or heavy institutional selling. The price of individual securities may fluctuate, sometimes dramatically, from day to day. The prices of stocks and other equity securities tend to be more volatile than those of fixed income securities.

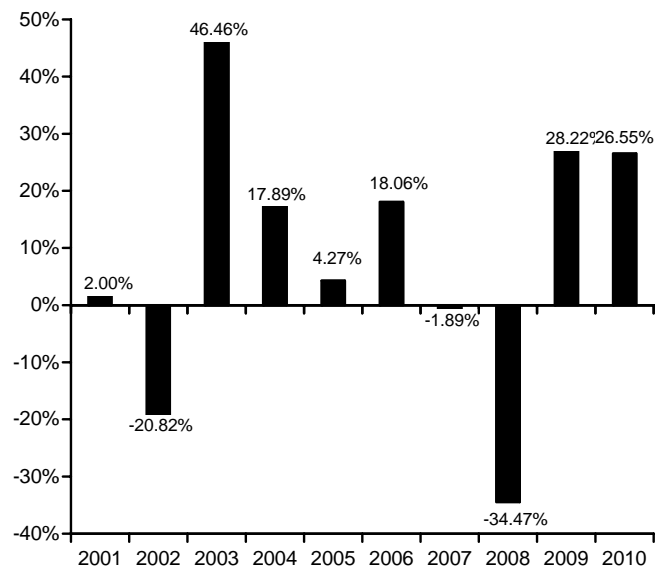
**Securities Lending Risk:** Engaging in securities lending could increase the market and credit risk for Fund investments. The Fund may lose money if it does not recover borrowed securities, the value of the collateral falls, or the value of investments made with cash collateral declines. If the value of either the cash collateral or the Fund's investments of the cash collateral falls below the amount owed to a borrower, the Fund also may incur losses that exceed the amount it earned on lending the security. Securities lending also involves the risks of delay in receiving additional collateral or possible loss of rights in the collateral if the borrower fails. Another risk of securities lending is the risk that the loaned portfolio securities may not be available to the Fund on a timely basis and the Fund may therefore lose the opportunity to sell the securities at a desirable price.

**Small Company Risk:** Investing primarily in small capitalization companies carries the risk that due to current market conditions these companies may be out of favor with investors. Small companies often are in the early stages of development with limited product lines, markets, or financial resources and managements lacking depth and experience, which may cause their stock prices to be more volatile than those of larger companies. Small company stocks may be less liquid yet subject to abrupt or erratic price movements. It may take a substantial period of time before the Fund realizes a gain on an investment in a small-cap company, if it realizes any gain at all.

## Performance Information

The following Risk/Return Bar Chart and Table illustrate the risks of investing in the Fund by showing changes in the Fund's performance from calendar year to calendar year and comparing the Fund's average annual returns to those of the Russell 2000® Index. Fees and expenses incurred at the contract level are not reflected in the bar chart or table. If these amounts were reflected, returns would be less than those shown. Of course, past performance is not necessarily an indication of how the Fund will perform in the future.

From October 1, 1999 through December 31, 2001, The Variable Annuity Life Insurance Company ("VALIC") managed the Fund. From January 1, 2002 through November 30, 2009, PineBridge Investments, LLC (and its predecessors) ("PineBridge") served as sub-adviser of the Fund. Effective December 1, 2009, SunAmerica Asset Management Corp. ("SAAMCo") replaced PineBridge as sub-adviser of the Fund.



During the periods shown in the bar chart, the highest return for a quarter was 23.21% (quarter ending June 30, 2003) and the lowest return for a -26.83% (quarter ending December 31, 2008). For the year-to-date through June 30, 2011, the Fund's return was 6.13%.

**Average Annual Total Returns** (For the periods ended December 31, 2010)

	1 Year	5 Years	10 Years
Fund	26.55%	4.25%	6.00%
Russell 2000® Index	26.85%	4.47%	6.33%

## FUND SUMMARY: SMALL CAP INDEX FUND

### Investment Adviser

The Fund's investment adviser is VALIC. The Fund is sub-advised by SAAMCo.

### *Portfolio Manager*

<u>Name</u>	<u>Portfolio Manager of the Fund Since</u>	<u>Title</u>
James Kurtz	2009	Senior Vice President and Portfolio Manager

For important information about purchase and sales of Fund shares, taxes and payments made to broker-dealers and other financial intermediaries, please turn to the section "Important Additional Information" on page 19.

## FUND SUMMARY: STOCK INDEX FUND

### Investment Objective

The Fund seeks long-term capital growth through investment in common stocks that, as a group, are expected to provide investment results closely corresponding to the performance of the S&P 500® Index (the "Index").

### Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. The Fund's annual operating expenses do not reflect the separate account fees charged in the variable annuity or variable life insurance policy ("Variable Contracts") in which the Fund is offered. Please see your Variable Contract prospectus for more details on the separate account fees.

**Annual Fund Operating Expenses** (expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.26%
Other Expenses	0.12%
Total Annual Fund Operating Expenses	0.38%

### **Expense Example**

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. The Example does not reflect charges imposed by the Variable Contract. See the Variable Contract prospectus for information on such charges. Although your actual costs may be higher or lower, based on these assumptions and the net expenses shown in the fee table, your costs would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$39	\$122	\$213	\$480

### **Portfolio Turnover**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 11% of the average value of its portfolio.

### Principal Investment Strategies of the Fund

The Fund is managed to seek to track the performance of the Index, which measures the stock performance of 500 large- and medium-sized companies and is often used to indicate the performance of the overall stock market. The sub-adviser may endeavor to track the Index by purchasing every stock included in the Index, in the same proportions. Or, in the alternative, the sub-adviser may invest in a sampling of Index stocks by utilizing a statistical technique known as "optimization." The goal of optimization is to select stocks which ensure that various industry weightings, market capitalizations, and fundamental characteristics, (e.g., price-to-book, price-to-earnings, debt-to-asset ratios and dividend yields) closely approximate those of the Index.

The Fund invests, under normal circumstances, at least 80% of net assets in stocks that are in the Index, and up to 20% in investments that are not in the Index, including common stock and related securities, and high quality money market securities. The Fund may invest up to 33<sup>1</sup>/<sub>3</sub>% in futures and options.

Although the Fund seeks to track the performance of the Index, the performance of the Fund will not match that of the Index exactly because, among other reasons, the Fund incurs operating expenses and other investment overhead as part of its normal operations. The sub-adviser seeks a tracking difference of 0.05% or less.

In order to generate additional income, the Fund may lend portfolio securities to broker-dealers and other financial institutions provided that the value of the loaned securities does not exceed 30% of the Fund's total assets. These loans earn income for the Fund and are collateralized by cash, securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, and such other securities as the Fund and the securities lending agent may agree upon.

### Principal Risks of Investing in the Fund

There can be no assurance that the Fund's investment objective will be met or that the net return on an investment in the Fund will exceed what could have been obtained through other investment or savings vehicles. Shares of the Fund are not bank deposits and are not guaranteed or insured by any bank, government entity or the Federal Deposit Insurance Corporation. As with any mutual fund, there is no guarantee that the Fund will be able to achieve its investment objective. If the value of the assets of the Fund goes down, you could lose money.

The following is a summary of the principal risks of investing in the Fund.

## FUND SUMMARY: STOCK INDEX FUND

**Derivatives Risk:** The prices of derivatives may move in unexpected ways due to the use of leverage and other factors and may result in increased volatility or losses. The Fund may not be able to terminate or sell derivative positions, and a liquid secondary market may not always exist for derivative positions.

**Index Risk:** In attempting to track the performance of the Index, the Fund may be more susceptible to adverse developments concerning a particular security, company or industry because the Fund generally will not use any defensive strategies to mitigate its risk exposure.

**Large Capitalization Company Risk:** Investing primarily in large capitalization companies carries the risk that due to current market conditions these companies may be out of favor with investors. Large capitalization companies may be unable to respond quickly to new competitive challenges or attain the high growth rate of successful smaller companies.

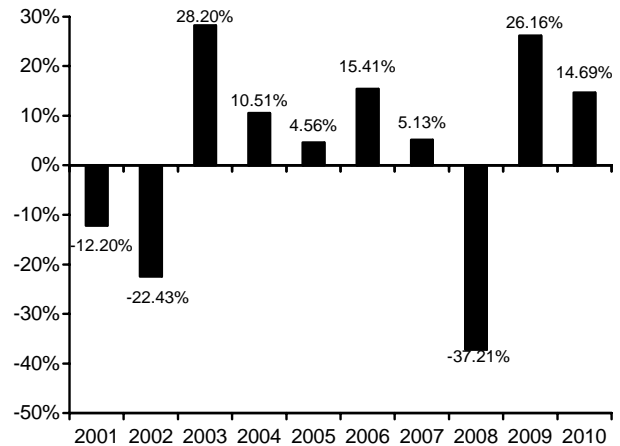
**Market Risk:** The Fund's share price can fall because of weakness in the broad market, a particular industry, or specific holdings or due to adverse political or economic developments here or abroad, changes in investor psychology, or heavy institutional selling. The price of individual securities may fluctuate, sometimes dramatically, from day to day. The prices of stocks and other equity securities tend to be more volatile than those of fixed income securities.

**Securities Lending Risk:** Engaging in securities lending could increase the market and credit risk for Fund investments. The Fund may lose money if it does not recover borrowed securities, the value of the collateral falls, or the value of investments made with cash collateral declines. If the value of either the cash collateral or the Fund's investments of the cash collateral falls below the amount owed to a borrower, the Fund also may incur losses that exceed the amount it earned on lending the security. Securities lending also involves the risks of delay in receiving additional collateral or possible loss of rights in the collateral if the borrower fails. Another risk of securities lending is the risk that the loaned portfolio securities may not be available to the Fund on a timely basis and the Fund may therefore lose the opportunity to sell the securities at a desirable price.

### Performance Information

The following Risk/Return Bar Chart and Table illustrate the risks of investing in the Fund by showing changes in the Fund's performance from calendar year to calendar year and comparing the Fund's average annual returns to those of the S&P 500® Index. Fees and expenses incurred at the contract level are not reflected in the bar chart or table. If these amounts were reflected, returns would be less than those shown. Of course, past performance is not necessarily an indication of how the Fund will perform in the future.

From October 1, 1999 through December 31, 2001, The Variable Annuity Life Insurance Company ("VALIC") managed the Fund. From January 1, 2002 through November 30, 2009, PineBridge Investments, LLC (and its predecessors) ("PineBridge") served as sub-adviser of the Fund. Effective December 1, 2009, SunAmerica Asset Management Corp. ("SAAMCo") replaced PineBridge as sub-adviser of the Fund.



During the periods shown in the bar chart, the highest return for a quarter was 16.52% (quarter ending June 30, 2009) and the lowest return for a -22.03% (quarter ending December 31, 2008). For the year-to-date through June 30, 2011, the Fund's return was 5.89%.

**Average Annual Total Returns** (For the periods ended December 31, 2010)

	1 Year	5 Years	10 Years
Fund	14.69%	1.97%	1.07%
S&P 500® Index	15.06%	2.29%	1.41%

### Investment Adviser

The Fund's investment adviser is VALIC. The Fund is sub-advised by SAAMCo.

### Portfolio Manager

<u>Name</u>	<u>Portfolio Manager of the Fund Since</u>	<u>Title</u>
James Kurtz	2009	Senior Vice President and Portfolio Manager

For important information about purchase and sales of Fund shares, taxes and payments made to broker-dealers and other financial intermediaries, please turn to the section "Important Additional Information" on page 19.

## **IMPORTANT ADDITIONAL INFORMATION**

### **Purchases and Sales of Fund Shares**

Shares of the Funds may only be purchased or redeemed through Variable Contracts offered by the separate accounts of VALIC or other participating life insurance companies. Shares of the Funds may be purchased and redeemed each day the New York Stock Exchange is open, at the Fund's net asset value determined after receipt of a request in good order.

The Funds do not have any initial or subsequent investment minimums. However, your insurance company may impose investment minimums.

### **Tax Information**

The Funds will not be subject to federal income tax on the net investment company taxable income or net capital gains distributed to shareholders as ordinary income dividends or capital gain dividends; however you

may be subject to federal income tax upon withdrawal from such tax deferred arrangements.

### **Payments to Broker-Dealers and Other Financial Intermediaries**

The Funds are not sold directly to the general public but instead are offered to registered and unregistered separate accounts of VALIC and its affiliates and to qualifying retirement plans and IRAs. The Funds and their related companies may make payments to the sponsoring insurance company or its affiliates for recordkeeping and distribution. These payments may create a conflict of interest as they may be a factor that the insurance company considers in including the Funds as underlying investment options in a variable contract. Visit your sponsoring insurance company's website for more information.

## ADDITIONAL INFORMATION ABOUT THE FUNDS' INVESTMENT STRATEGIES AND RISKS

The Funds' principal investment strategies and risks are described in their respective Fund Summaries. Additional information regarding the Funds' investment strategies and investment risks are provided below.

From time to time, the Funds may take temporary defensive positions that are inconsistent with their principal investment strategies, in attempting to respond to adverse market, economic, political, or other conditions. There is no limit on a Fund's investments in money market securities for temporary defensive purposes. If a Fund takes such a temporary defensive position, it may not achieve its investment objective.

The principal investment objective and strategies for each of the Funds in this Prospectus are non-fundamental and may be changed by the Board of Directors of VALIC Company I ("VC I") without investor approval. Investors will be given written notice in advance of any change to a Fund's investment strategy that requires 80% of its net assets to be invested in certain securities. References to "net assets" in the Fund Summaries take into account any borrowings for investment purposes by a Fund. Unless stated otherwise, all percentages are calculated as of the time of purchase.

In addition to the securities and investment techniques described in this Prospectus, there are other securities and investment techniques in which the Funds may invest in limited instances. These other securities and investment techniques are listed in the Statement of Additional Information, which you may obtain free of charge (see back cover).

### **International Equities Fund**

Please see the section titled "Investment Glossary-Investment Risks" for a discussion of the following Principal Risks of the Fund: Derivatives Risk, Emerging Markets Risk, Foreign Investment Risk, Geographic Concentration Risk, Investment Company Risk, Market Risk and Securities Lending Risk.

### **Mid Cap Index Fund**

Because the companies whose stocks are owned by the Fund are medium-sized, they have more potential to grow than large-cap stocks, which means the value of their stock may increase. An index fund holding nearly all of the 400 stocks in the Index avoids the risk of individual stock selection and seeks to provide the return of the medium-sized company sector of the market. On average that return has been positive over many years but can be negative at certain times. There is no assurance that a positive return will occur in the future.

The Index is an unmanaged group of securities, so it does not incur operating expenses and other investment overhead. An investor cannot invest directly in an index. Factors that contribute to differences in performance between an index fund and its index are called tracking differences. An index fund seeks a tracking difference of 0.05% or less. The tracking difference may also be shown as a correlation factor. A correlation factor of 0.95, after expenses, is considered to be good.

The tracking difference is reviewed periodically by the sub-adviser. If the Fund does not accurately track the Index, the sub-adviser will rebalance the Fund's portfolio by selecting securities which will provide a more representative sampling of the securities in the Index as a whole or the sector diversification within the Index, as appropriate.

Please see the section titled "Investment Glossary-Investment Risks" for a discussion of the following Principal Risks of the Fund: Derivatives Risk, Index

Risk, Market Risk, Mid-Cap Company Risk and Securities Lending Risk.

### **Money Market Fund**

Please see the section titled "Investment Glossary-Investment Risks" for a discussion of the following Principal Risks of the Fund: Risk of Investing in Money Market Securities, Credit Risk, Financial Services Exposure Risk, Interest Rate Risk and U.S. Government Obligations Risk.

### **Nasdaq-100 Index Fund**

The Index is an unmanaged group of securities, so it does not incur operating expenses and other investment overhead. An investor cannot invest directly in an index. Factors that contribute to differences in performance between an index fund and its index are called tracking differences. An index fund seeks a tracking difference of 0.05% or less. The tracking difference may also be shown as a correlation factor. A correlation factor of 0.95, after expenses, is considered to be good.

The tracking difference is reviewed periodically by the sub-adviser. If the Fund does not accurately track the Index, the sub-adviser will rebalance the Fund's portfolio by selecting securities which will provide a more representative sampling of the securities in the Index as a whole or the sector diversification within the Index, as appropriate.

Please see the section titled "Investment Glossary-Investment Risks" for a discussion of the following Principal Risks of the Fund: Concentration Risk, Derivatives Risk, Index Risk, Market Risk, Non-Diversification Risk, Sector Risk, Securities Lending Risk and Technology Sector Risk.

## ADDITIONAL INFORMATION ABOUT THE FUNDS' INVESTMENT STRATEGIES AND RISKS

### Science & Technology Fund

Some of the industries likely to be included in the Fund's portfolio are:

- Information technology, including software, services, hardware, semiconductors and technology equipment;
- Telecommunication equipment and services;
- Health care, including pharmaceuticals, biotechnology, life sciences, and health care equipment and services;
- Professional services;
- Media, including advertising, broadcasting, cable and satellite, movies and entertainment, and publishing;
- Internet commerce and advertising;
- Alternative energy;
- Aerospace and defense; and
- Materials and chemicals.

The Fund's holdings can range from small, unseasoned companies developing new technologies to large firms with established track records of developing and marketing technology.

Generally, the Fund's sub-advisers seek to identify companies with earnings and sales growth. In addition, the sub-advisers have the discretion to purchase some securities that do not meet their normal investment criteria, as described in the Fund Summary, when they perceive an opportunity for substantial appreciation. These situations might arise when the Fund's sub-advisers believe a security could increase in value for a variety of reasons, including a change in management, an extraordinary corporate event, a new product introduction or innovation, or a favorable competitive development.

The Fund may sell securities for a variety of reasons, such as to secure gains, limit losses, or re-deploy assets into more promising opportunities.

Please see the section titled "Investment Glossary-Investment Risks" for a discussion of the following Principal Risks of the Fund: Active Management Risk/Growth Style Risk, Active Trading Risk, Derivatives Risk, Foreign Investment Risk, Geographic Concentration Risk, Investment Company Risk, IPO Risk, Market Risk, Sector Risk, Securities Lending Risk and Technology Sector Risk.

### Small Cap Index Fund

The Fund, which holds a large sampling of the 2,000 stocks in the Index, seeks to avoid the risks of individual stock selection and to provide the return of the smaller-sized company sector of the market. On average that return has been positive over the years but has also been negative at certain times. There is no assurance that a positive return will occur in the future. Because

the companies whose stocks the Fund owns are small, their stock prices may fluctuate more over the short-term, but they have more potential to grow than large- or mid-cap stocks. This means their stock value may offer greater potential for appreciation.

The Index is an unmanaged group of securities, so it does not incur operating expenses and other investment overhead. An investor cannot invest directly in an index. Factors that contribute to differences in performance between an index fund and its index are called tracking differences. An index fund seeks a tracking difference of 0.05% or less. The tracking difference may also be shown as a correlation factor. A correlation factor of 0.95, after expenses, is considered to be good.

The tracking difference is reviewed periodically by the sub-adviser. If the Fund does not accurately track the Index, the sub-adviser will rebalance the Fund's portfolio by selecting securities which will provide a more representative sampling of the securities in the Index as a whole or the sector diversification within the Index, as appropriate.

Please see the section titled "Investment Glossary-Investment Risks" for a discussion of the following Principal Risks of the Fund: Derivatives Risk, Index Risk, Market Risk, Securities Lending Risk and Small Company Risk.

### Stock Index Fund

The Fund seeks to avoid the risk of individual stock selection and to provide the return of the large company sector of the market. In the past that return has been positive over many years but can be negative at certain times. There is no assurance that a positive return will occur in the future. The Index includes the stocks of many large, well-established companies. These companies usually have the financial strength to weather difficult financial times. However, the value of any stock can rise and fall over short and long periods of time.

The Index is an unmanaged group of securities, so it does not have to incur operating expenses and other investment overhead. An investor cannot invest directly in an index. Factors that can contribute to differences in performance between an index fund and its index are called tracking differences. An index fund seeks a tracking difference of 0.05% or less. The tracking difference may also be shown as a correlation factor. A correlation factor of 0.95, after expenses, is considered to be good.

The tracking difference is reviewed periodically by the sub-adviser. If the Fund does not accurately track the Index, the sub-adviser will rebalance the Fund's portfolio by selecting securities which will provide a more representative sampling of the securities in the Index as a whole or the sector diversification within the Index, as appropriate.

## **ADDITIONAL INFORMATION ABOUT THE FUNDS' INVESTMENT STRATEGIES AND RISKS**

Please see the section titled "Investment Glossary- Investment Risks" for a discussion of the following Principal Risks of the Fund: Derivatives Risk, Index Risk,

Large Capitalization Company Risk, Market Risk and Securities Lending Risk.

## INVESTMENT GLOSSARY

### ***Investment Terms***

Each Fund's principal (key) investment strategy and risks are shown above. More detail on investments and investment techniques is shown below. Funds may utilize these investments and techniques as noted, though the investment or technique may not be a principal strategy. All Money Market I Fund investments must comply with Rule 2a-7 of the Investment Company Act of 1940, as amended (the "1940 Act"), which allows the purchase of only high quality money market instruments.

#### **American Depositary Receipts ("ADRs")**

ADRs are certificates issued by a United States bank or trust company and represent the right to receive securities of a foreign issuer deposited in a domestic bank or foreign branch of a United States bank. ADRs in which a Fund may invest may be sponsored or unsponsored. There may be less information available about foreign issuers of unsponsored ADRs.

#### **Asset-Backed Securities**

Asset-backed securities are bonds or notes that are normally supported by a specific property. If the issuer fails to pay the interest or return the principal when the bond matures, then the issuer must give the property to the bondholders or noteholders.

Examples of assets supporting asset-backed securities include credit card receivables, retail installment loans, home equity loans, auto loans, and manufactured housing loans.

#### **Derivatives**

Unlike stocks and bonds that represent actual ownership of a stock or bond, derivatives are investments which "derive" their value from securities issued by a company, government, or government agency, such as futures and options. In certain cases, derivatives may be purchased for non-speculative investment purposes or to protect ("hedge") against a change in the price of the underlying security. There are some investors who take higher risk ("speculate") and buy derivatives to profit from a change in price of the underlying security. The Funds may purchase derivatives to hedge their investment portfolios and to earn additional income in order to help achieve their objectives. Generally, the Funds do not buy derivatives to speculate. Futures contracts and options may not always be successful hedges; their prices can be highly volatile; using them could lower fund total return; and the potential loss from the use of futures can exceed a Fund's initial investment in such contracts.

#### **Diversification**

Each Fund's diversification policy limits the amount that the Fund may invest in certain securities. Each Fund's diversification policy is also designed to comply with the diversification requirements of the Internal Revenue Code (the "Code") as well as the 1940 Act. Except as noted in the Fund Summaries, all of the Funds except the

Nasdaq-100 Index Fund are diversified under the 1940 Act. All of the Funds are expected to satisfy the Code's diversification requirements.

#### **Equity Securities**

Equity securities represent an ownership position in a company. The prices of equity securities fluctuate based on changes in the financial condition of the issuing company and on market and economic conditions. If you own an equity security, you own a part of the company that issued it. Companies sell equity securities to get the money they need to grow.

Stocks are one type of equity security. Generally, there are three types of stocks:

- Common stock — Each share of common stock represents a part of the ownership of the company. The holder of common stock participates in the growth of the company through increasing stock price and receipt of dividends. If the company runs into difficulty, the stock price can decline and dividends may not be paid.
- Preferred stock — Each share of preferred stock allows the holder to get a set dividend before the common stock shareholders receive any dividends on their shares.
- Convertible preferred stock — A stock with a set dividend which the holder may exchange for a certain amount of common stock.

Stocks are not the only type of equity security. Other equity securities include but are not limited to convertible securities, depositary receipts, warrants, rights and partially paid shares, investment company securities, real estate securities, convertible bonds and ADRs, European Depositary Receipts ("EDRs") and Global Depositary Receipts ("GDRs"). More information about these equity securities is included elsewhere in this Prospectus or contained in the Statement of Additional Information.

*Market capitalization ranges.* Companies are determined to be large-cap companies, mid-cap companies, or small-cap companies based upon the total market value of the outstanding common stock (or similar securities) of the company at the time of purchase. The market capitalization of the companies in which the Funds invest, and the indices described below, change over time. A Fund will not automatically sell or cease to purchase stock of a company that it already owns just because the company's market capitalization grows or falls outside this range. With respect to all Funds, except as noted in a Fund Summary or Additional Information about the Fund's Investment Strategies and Risks:

- **Large-Cap companies** will generally include companies whose market capitalizations are equal

## INVESTMENT GLOSSARY

to or greater than the market capitalization of the smallest company in the Russell 1000<sup>®</sup> Index during the most recent 12-month period. As of the most recent annual reconstitution of the Russell 1000<sup>®</sup> Index on June 27, 2011, the market capitalization range of the companies in the Index was approximately \$1.6 billion to \$411 billion.

- **Mid-Cap companies** will generally include companies whose market capitalizations range from the market capitalization of the smallest company included in the Russell Midcap<sup>®</sup> Index to the market capitalization of the largest company in the Russell Midcap<sup>®</sup> Index during the most recent 12-month period. As of the most recent annual reconstitution of the Russell Midcap<sup>®</sup> Index on June 27, 2011, the market capitalization range of the companies in the Index was \$1.6 billion to \$18.3 billion.
- **Small-Cap companies** will generally include companies whose market capitalizations are equal to or less than the market capitalization of the largest company in the Russell 2000<sup>®</sup> Index during the most recent 12-month period. As of the most recent annual reconstitution of the Russell 2000<sup>®</sup> Index on June 27, 2011, the market capitalization range of the companies in the Index was \$130 million to \$2.97 billion.

### Exchange-Traded Funds (“ETFs”)

These are a type of index fund bought and sold on a securities exchange. An ETF trades like common stock and represents a fixed portfolio of securities designed to track a particular market index. Funds may purchase an ETF to temporarily gain exposure to a portion of the U.S. or a foreign market while awaiting purchase of underlying securities. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although the lack of liquidity of an ETF could result in it being more volatile. Additionally, ETFs have management fees which increase their cost.

### Fixed Income Securities

Fixed income securities include a broad array of short, medium and long-term obligations, including notes and bonds. Fixed income securities may have fixed, variable, or floating rates of interest, including rates of interest that vary inversely at a multiple of a designated or floating rate, or that vary according to changes in relative values of currencies. Fixed income securities generally involve an obligation of the issuer to pay interest on either a current basis or at the maturity of the security and to repay the principal amount of the security at maturity.

Bonds are one type of fixed income security and are sold by governments on the local, state, and federal levels, and by companies. There are many different kinds of bonds. For example, each bond issue has specific terms. U.S. Government bonds are guaranteed by the federal

government to pay interest and principal. Revenue bonds are usually only paid from the revenue of the issuer. An example of that would be an airport revenue bond. Debentures are a very common type of corporate bond (a bond sold by a company). Payment of interest and return of principal is subject to the company’s ability to pay. Convertible bonds are corporate bonds that can be exchanged for stock.

Investing in a bond is like making a loan for a fixed period of time at a fixed interest rate. During the fixed period, the bond pays interest on a regular basis. At the end of the fixed period, the bond matures and the investor usually gets back the principal amount of the bond. Fixed periods to maturity are categorized as short term (generally less than 12 months), intermediate (one to 10 years), and long term (10 years or more).

Bonds that are rated Baa by Moody’s Investors Service, Inc. (“Moody’s”) or BBB by Standard & Poor’s Ratings Services (“S&P<sup>®</sup>”) have speculative characteristics. Bonds that are unrated or rated below Baa3 by Moody’s or BBB– by S&P<sup>®</sup> (commonly referred to as high yield, high risk or junk bonds) are regarded, on balance, as predominantly speculative. Changes in economic conditions or other circumstances are more likely to weaken the issuer’s capacity to pay interest and principal in accordance with the terms of the obligation than is the case with higher rated bonds. While such bonds may have some quality and protective characteristics, these are outweighed by uncertainties or risk exposures to adverse conditions. Lower rated bonds may be more susceptible to real or perceived adverse economic and individual corporate developments than investment grade bonds. For example, a projected economic downturn or the possibility of an increase in interest rates could cause a decline in high-yield, high-risk bond prices because such an event might lessen the ability of highly leveraged high yield issuers to meet their principal and interest payment obligations, meet projected business goals, or obtain additional financing. In addition, the secondary trading market for lower-medium and lower-quality bonds may be less liquid than the market for investment grade bonds. This potential lack of liquidity may make it more difficult to accurately value certain of these lower-grade portfolio securities.

Bonds are not the only type of fixed income security. Other fixed income securities include but are not limited to U.S. and foreign corporate fixed income securities, including convertible securities (bonds, debentures, notes and other similar instruments) and corporate commercial paper, mortgage-related and other asset-backed securities; inflation-indexed bonds issued by both governments and corporations; structured notes, including hybrid or “indexed” securities, preferred or preference stock, catastrophe bonds, and loan participations; bank certificates of deposit, fixed time deposits and bankers’ acceptances; repurchase agreements and reverse repurchase agreements; fixed

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income securities issued by states or local governments and their agencies, authorities and other instrumentalities; obligations of foreign governments or their subdivisions, agencies and instrumentalities; and obligations of international agencies or supranational entities. Commercial paper is a specific type of corporate or short term note. In fact, it's very short term, being paid in less than 270 days. Most commercial paper matures in 50 days or less. Fixed income securities may be acquired with warrants attached. For more information about specific income securities see the Statement of Additional Information.

Investments in fixed income securities include U.S. Government securities. U.S. Government securities are issued or guaranteed by the U.S. Government, its agencies and instrumentalities. Some U.S. Government securities are issued or unconditionally guaranteed by the U.S. Treasury. They are of the highest possible credit quality. While these securities are subject to variations in market value due to fluctuations in interest rates, they will be paid in full if held to maturity. Other U.S. Government securities are neither direct obligations of, nor guaranteed by the U.S. Treasury. However, they involve federal sponsorship in one way or another. For example, some are backed by specific types of collateral; some are supported by the issuer's right to borrow from the Treasury; some are supported by the discretionary authority of the Treasury to purchase certain obligations of the issuer; and others are supported only by the credit of the issuing government agency or instrumentality. For more information about mortgage-related fixed income securities see "Mortgage-Related Securities" below. The Funds may also invest in debt securities that are guaranteed under the Federal Deposit Insurance Corporation's ("FDIC") Temporary Liquidity Guarantee Program ("TLGP"). Under the TLGP, the FDIC guarantees, with the full faith and credit of the U.S. Government, the payment of principal and interest on senior unsecured debt issued by entities eligible to participate in the TLGP, which generally include FDIC-insured depository institutions, U.S. bank holding companies or financial holding companies and certain U.S. savings and loan holding companies. This guarantee presently extends through the earlier of the maturity date of the debt or June 30, 2012. This guarantee does not extend to shares of the Fund itself. FDIC-guaranteed debt is still subject to interest rate and active management risk.

*Recent Market Conditions.* Recent events have resulted in fixed income instruments experiencing unusual liquidity issues, increased price volatility and, in some cases, credit downgrades and increased likelihood of default. These events have reduced the willingness of some lenders to extend credit, and have made it more difficult for borrowers to obtain financing on attractive terms, if at all. As a result, the value of many types of debt securities has been reduced, including, but not limited to, asset-backed securities. Because the situation

in the markets is widespread and largely unprecedented, it may be unusually difficult to identify both risks and opportunities, or to predict the duration of these market events. Mortgage-backed securities have been especially affected by these events. Some financial institutions may have large (but still undisclosed) exposures to such securities, which could have a negative effect on the broader economy. Securities in which a Fund invests may become less liquid in response to market developments or adverse investor perceptions. In some cases, traditional market participants have been less willing to make a market in some types of debt instruments, which has affected the liquidity of those instruments. Illiquid investments may be harder to value, especially in changing markets, and if a Fund is forced to sell such investments to meet redemptions or for other cash needs, such Fund may suffer a loss.

### **Foreign Currency**

Funds buy foreign currencies when they believe the value of the currency will increase. If it does increase, they sell the currency for a profit. If it decreases they will experience a loss. Funds may also buy foreign currencies to pay for foreign securities bought for the Fund or for hedging purposes.

### **Foreign Securities**

Securities of foreign issuers include obligations of foreign branches of U.S. banks and of foreign banks, common and preferred stocks, fixed income securities issued by foreign governments, corporations and supranational organizations, and GDRs and EDRs.

There is generally less publicly available information about foreign companies, and they are generally not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies.

**Hybrid instruments**, such as **indexed or structured securities**, can combine the characteristics of securities, futures, and options. For example, the principal amount, redemption, or conversion terms of a security could be related to the market price of some commodity, currency, or securities index. Such securities may bear interest or pay dividends at below market (or even relatively nominal) rates. Under certain conditions, the redemption value of such an investment could be zero. In addition, another type of hybrid instrument are **participatory notes**, which are issued by banks or broker-dealers and are designed to offer a return linked to a particular underlying equity, debt, currency or market.

### **Illiquid Securities**

An illiquid security is one that may not be frequently traded or cannot be disposed of promptly within seven days and in the usual course of business without taking a materially reduced price. Illiquid securities include, but are not limited to, time deposits and repurchase agreements not maturing within seven days and

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restricted securities. A restricted security is one that has not been registered with the SEC and, therefore, cannot be sold in the public market. Securities eligible for sale under Rule 144A and commercial paper offered pursuant to Section 4(2) of the Securities Act of 1933, as amended, are not deemed by VALIC or any Fund's sub-adviser to be illiquid solely by reason of being restricted. Instead, the sub-adviser will determine whether such securities are liquid based on trading markets and pursuant to guidelines adopted by the Board of Directors. If the sub-adviser concludes that a security is not liquid, that investment will be included within the Fund's limitation on illiquid securities.

### **Lending Portfolio Securities**

Each Fund, other than the Money Market I Fund, may make secured loans of its portfolio securities for purposes of realizing additional income. No lending may be made with any companies affiliated with VALIC. The Funds will only make loans to broker-dealers and other financial institutions deemed by State Street Bank and Trust Company (the "securities lending agent") to be creditworthy. The securities lending agent also holds the cash and the portfolio securities of VC I. Each loan of portfolio securities will be continuously secured by collateral in an amount at least equal to the market value of the securities loaned. Such collateral will be cash, securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, and such other securities as the Fund and the securities lending agent may agree upon. As with other extensions of credit, securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. The Fund may lose money if the Fund does not recover the securities and/or the value of the collateral or the value of investments made with cash collateral falls. Such events may also trigger adverse tax consequences for the Fund. To the extent that either the value of the cash collateral or the Fund's investments of the cash collateral declines below the amount owed to a borrower, the Fund also may incur losses that exceed the amount it earned on lending the security. Securities lending also involves the risks of delay in receiving additional collateral or possible loss of rights in the collateral should the borrower fail financially. Engaging in securities lending could also have a leveraging effect, which may intensify the market risk, credit risk and other risks associated with investments in the Fund.

### **Loan Participations and Assignments**

Loan participations and assignments are investments in which a Fund acquires some or all of the interest in a loan to a corporate borrower made by a bank or other lending institution. The highly leveraged nature of many such loans may make such loans especially vulnerable to adverse changes in economic or market conditions. As a result, a Fund may be unable to sell such investments at an opportune time or may have to resell them at less than fair market value.

### **Money Market Securities**

All of the Funds may invest part of their assets in high quality money market securities payable in U.S. dollars. A money market security is high quality when it is rated in one of the two highest credit categories by Moody's or S&P® or another nationally recognized rating service or if unrated, deemed high quality by VALIC.

These high quality money market securities include:

- Securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities.
- Certificates of deposit and other obligations of domestic banks having total assets in excess of \$1 billion.
- Commercial paper sold by corporations and finance companies.
- Corporate debt obligations with remaining maturities of 13 months or less.
- Repurchase agreements, money market securities of foreign issuers if payable in U.S. dollars, asset-backed securities, loan participations, and adjustable rate securities, variable rate demand notes.

### **Mortgage-Related Securities**

Mortgage-related securities include, but are not limited to, mortgage pass-through securities, collateralized mortgage obligations and commercial mortgage-backed securities.

Mortgage pass-through securities are securities representing interests in "pools" of mortgage loans secured by residential or commercial real property. Payments of interest and principal on these securities are generally made monthly, in effect "passing through" monthly payments made by the individual borrowers on the mortgage loans which underlie the securities (net of fees paid to the issuer or guarantor of the securities). Mortgage-related securities are subject to interest rate risk and prepayment risk.

Payment of principal and interest on some mortgage pass-through securities may be guaranteed by the full faith and credit of the U.S. Government (*i.e.*, securities guaranteed by Government National Mortgage Association ("GNMA")) or guaranteed by agencies or instrumentalities of the U.S. Government (*i.e.*, securities guaranteed by Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC"), which are supported only by the discretionary authority of the U.S. Government to purchase the agency's obligations). Mortgage-related securities created by non-governmental issuers (such as commercial banks, private mortgage insurance companies and other secondary market issuers) may be supported by various forms of insurance or guarantees, including individual loan, title, pool and hazard insurance and letters of credit, which may be issued by

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governmental entities, private insurers or the mortgage poolers.

Collateralized Mortgage Obligations (“CMOs”) are hybrid mortgage-related instruments. CMOs may be collateralized by whole mortgage loans or by portfolios of mortgage pass-through securities guaranteed by GNMA, FHLMC, or FNMA. CMOs are structured into multiple classes, with each class bearing a different stated maturity. CMOs that are issued or guaranteed by the U.S. Government or by any of its agencies or instrumentalities will be considered U.S. Government securities by the Funds, while other CMOs, even if collateralized by U.S. Government securities, will have the same status as other privately issued securities for purposes of applying a Fund’s diversification tests.

Commercial Mortgage-Backed Securities include securities that reflect an interest in, and are secured by, mortgage loans on commercial real property. Many of the risks of investing in commercial mortgage-backed securities reflect the risks of investing in the real estate securing the underlying mortgage loans. These risks reflect the effects of local and other economic conditions on real estate markets, the ability of tenants to make loan payments, and the ability of a property to attract and retain tenants. Commercial mortgage-backed securities may be less liquid and exhibit greater price volatility than other types of mortgage-related or asset-backed securities. Mortgage-Related Securities include mortgage pass-through securities described above and securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property, such as mortgage dollar rolls, CMO residuals or stripped mortgage-backed securities. These securities may be structured in classes with rights to receive varying proportions of principal and interest.

### **Repurchase Agreements**

A repurchase agreement requires the seller of the security to buy it back at a set price at a certain time. If a Fund enters into a repurchase agreement, it is really making a short term loan (usually for one day to one week). The Funds may enter into repurchase agreements only with well-established securities dealers or banks that are members of the Federal Reserve System. All the Funds in this Prospectus may invest in repurchase agreements.

## ***Investment Risks***

### **Active Management Risk**

Different investment styles and strategies tend to shift in and out of favor depending upon market and economic conditions, as well as investor sentiment. The investment style or strategy used by the Fund may fail to produce the intended result. Moreover, the Fund may outperform or underperform funds that employ a different investment style or strategy. The sub-adviser’s

The risk in a repurchase agreement is the failure of the seller to be able to buy the security back. If the value of the security declines, the Fund may have to sell at a loss.

### **Reverse Repurchase Agreements, Dollar Rolls and Borrowings**

A reverse repurchase agreement involves the sale of a security by a Fund and its agreement to repurchase the instrument at a specified time and price. Under a reverse repurchase agreement, the Fund continues to receive any principal and interest payments on the underlying security during the term of the agreement.

In a dollar roll transaction, a Fund sells mortgage-backed or other securities for delivery in the current month and simultaneously contracts to purchase substantially similar securities on a specified future date. The time period from the date of sale to the date of purchase under a dollar roll is known as the roll period. A Fund foregoes principal and interest paid during the roll period on the securities sold in a dollar roll. However, a Fund receives an amount equal to the difference between the current sales price and the lower price for the future purchase as well as by any interest earned on the proceeds of the securities sold.

If a Fund’s positions in reverse repurchase agreements, dollar rolls or similar transactions are not covered by liquid assets, such transactions would be subject to the Funds’ limitations on borrowings. Apart from such transactions, a Fund will not borrow money, except as provided in its investment restrictions. See “Investment Restrictions” in the Statement of Additional Information for a complete listing of each Fund’s investment restrictions.

### **Temporary Defensive Investment Strategy**

From time to time, the Funds may take temporary defensive positions that are inconsistent with their principal investment strategies, in attempting to respond to adverse market, economic, political, or other conditions. There is no limit on Fund investments in money market securities for temporary defensive purposes. If the Funds take such a temporary defensive position, they may not achieve their investment objectives.

assessment of a particular security or company may prove incorrect, resulting in losses or underperformance.

Generally, stocks with growth characteristics can have relatively wide price swings as a result of their potentially high valuations, while stocks with value characteristics carry the risk that investors will not recognize their intrinsic value for a long time or that they are actually

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appropriately priced at a low level. The share price of a Fund that holds stocks with growth and value characteristics may be negatively affected by either set of risks, as discussed in more detail below.

- **Growth Style Risk.** Generally, “growth” stocks are stocks of companies which a sub-adviser believes has anticipated earnings ranging from steady to accelerated growth. Many investors buy growth stocks because of anticipated superior earnings growth, but earnings disappointments often result in sharp price declines. Growth companies usually invest a high portion of earnings in their own businesses so their stocks may lack the dividends that can cushion share prices in a down market. In addition, the value of fast growing stocks may be more sensitive to changes in current or expected earnings than the values of other stocks, as the fast growing stocks trade at higher multiple of current earnings.
- **Value Style Risk.** Generally, “value” stocks are stocks of companies that they believe are currently undervalued in the marketplace. A sub-adviser’s judgments that a particular security is undervalued in relation to the company’s fundamental economic value may prove incorrect and the price of the company’s stock may fall or may not approach the value the sub-adviser has placed on it.

### Active Trading Risk

A strategy used whereby the Fund may engage in frequent trading of portfolio securities to achieve its investment goal. Active trading may result in high portfolio turnover and correspondingly greater brokerage commissions and other transactions costs, which will be borne directly by the Fund. During periods of increased market volatility, active trading may be more pronounced. In the “Financial Highlights” section, the Fund’s portfolio turnover rate is provided for each of the last five years.

### Concentration Risk

Substantial investments in a particular market, industry, group of industries, country, region, group of countries, asset class or sector make the Fund’s performance more susceptible to any single economic, market, political or regulatory occurrence affecting that particular market, industry, group of industries, country, region, group of countries, asset class or sector than a fund that invests more broadly.

### Credit Risk

The value of a fixed income security is directly affected by an issuer’s ability to pay principal and interest on time. If the Fund invests in fixed income securities, the value of your investment may be adversely affected if a security’s credit rating is downgraded, an issuer of an investment held by the Fund fails to pay an obligation on a timely

basis, otherwise defaults, or is perceived by other investors to be less creditworthy.

### Derivatives Risk

The use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can significantly increase the Fund’s exposure to market and credit risk. Derivatives can be highly volatile, illiquid and difficult to value, and there is the risk that changes in the value of a derivative held by a Fund will not correlate with the underlying instruments or the Fund’s other investments. A small investment in derivatives can have a potentially large impact on a Fund’s performance. Derivative instruments also involve the risk that a loss may be sustained as a result of the failure of the counterparty to the derivative instruments to make required payments or otherwise comply with the derivative instruments’ terms. Certain types of derivatives involve greater risks than the underlying obligations because, in addition to general market risks, they are subject to illiquidity risk, counterparty risk and credit risk.

Additionally, some derivatives involve economic leverage, which could increase the volatility of these investments as they may fluctuate in value more than the underlying instrument. Leveraging also may expose a Fund to losses in excess of the amount invested. Due to their complexity, derivatives may not perform as intended. As a result, a Fund may not realize the anticipated benefits from a derivative it holds or it may realize losses. A Fund may not be able to terminate or sell a derivative under some market conditions, which could result in substantial losses. A Fund may be required to segregate liquid assets in connection with the purchase of derivative instruments.

Derivatives are often used to hedge against positions in a Fund. A hedge is an investment made in order to reduce the risk of adverse price movements in a security, by taking an offsetting position in a related security (often a derivative, such as an option or a short sale). While hedging strategies can be very useful and inexpensive ways of reducing risk, they are sometimes ineffective due to unexpected changes in the market or exchange rates. Hedging also involves the risk that changes in the value of the related security will not match those of the instruments being hedged as expected, in which case any losses on the instruments being hedged may not be reduced. For gross currency hedges, there is an additional risk, to the extent that these transactions create exposure to currencies in which a Fund’s securities are not denominated. Moreover, while hedging can reduce or eliminate losses, it can also reduce or eliminate gains.

Writing call options on securities that a Fund owns exposes it to the risk that it will have to sell those securities at a price below their market value and forgo

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the benefit otherwise available from an increase in the value of the securities. Writing put options exposes a Fund to the risk that it will have to purchase securities at a price above their market value and can increase Fund losses if the value of the securities declines. Losses associated with these risks can exceed any premium income received by the Fund for writing options.

Recent legislation calls for a new regulatory framework for the derivatives markets. The extent and impact of new regulations are not yet known and may not be known for some time. New regulations may make the use of derivatives by funds more costly, may limit the availability of certain types of derivatives, and may otherwise adversely affect the value or performance of derivatives used by a Fund.

### **Emerging Markets Risk**

Investments in emerging markets are subject to all of the risks of investments in foreign securities, generally to a greater extent than in developed markets, and additional risks as well. Generally, the economic, social, legal, and political structures in emerging market countries are less diverse, mature and stable than those in developed countries. As a result, investments in emerging market securities tend to be more volatile than investments in developed countries. Unlike most developed countries, emerging market countries may impose restrictions on foreign investment. These countries may also impose confiscatory taxes on investment proceeds or otherwise restrict the ability of foreign investors to withdraw their money at will.

The securities markets in emerging market countries tend to be smaller and less mature than those in developed countries, and they may experience lower trading volumes. As a result, investments in emerging market securities may be more illiquid and their prices more volatile than investments in developed countries.

The fiscal and monetary policies of emerging market countries may result in high levels of inflation or deflation or currency devaluation. As a result, investments in emerging market securities may be subject to abrupt and severe price changes.

Investments in emerging market securities may be more susceptible to investor sentiment than investments in developed countries. As a result, emerging market securities may be adversely affected by negative perceptions about an emerging market country's stability and prospects for continued growth.

### **Financial Services Exposure Risk**

A substantial portion of a Fund's portfolio may be comprised of money market instruments issued by banks. As a result, events affecting issuers in the financial services industry, including changes in government regulation and interest rates and economic downturns, may impact the creditworthiness of such

issuers or their ability to honor their financial obligations. These events could have a negative impact on a Fund.

### **Foreign Investment Risk**

Investment in foreign securities involves risks in addition to those associated with investments in domestic securities due to changes in currency exchange rates, unfavorable political and legal developments or economic and financial instability, for example. Foreign companies are not subject to the U.S. accounting and financial reporting standards and public information may not be as available. In addition, the liquidity of these investments may be more limited than for U.S. investments, which means the sub-adviser may at times be unable to sell at desirable prices. Foreign settlement procedures may also involve additional risks. Certain of these risks may also apply to U.S. investments that are denominated in foreign currencies or that are traded in foreign markets, or to securities of U.S. companies that have significant foreign operations. These risks are heightened when an issuer is in an emerging market. Historically, the markets of emerging market countries have been more volatile than markets of developed countries. A Fund investing in foreign securities may also be subject to the following risks:

- *Currency Risk.* Because the Fund's foreign investments are generally held in foreign currencies, the Fund could experience gains or losses based solely on changes in the exchange rate between foreign currencies and the U.S. dollar. Such gains or losses may be substantial.
- *Foreign Sovereign Debt Risk.* To the extent a Fund invests in foreign sovereign debt securities, it may be subject to the risk that a governmental entity may delay or refuse to pay interest or repay principal on its sovereign debt, due, for example, to cash flow problems, insufficient foreign currency reserves, political, social and economic considerations, the relative size of the governmental entity's debt position in relation to the economy or the failure to put in place economic reforms required by the International Monetary Fund or other multilateral agencies. If a governmental entity defaults, it may ask for more time in which to pay or for further loans.

### **Geographic Concentration Risk**

If a Fund invests a significant portion of its assets in issuers located in a single country, a limited number of countries, or a particular geographic region, it assumes the risk that economic, political and social conditions in those countries or that region may have a significant impact on its investment performance.

### **Index Risk**

Certain Funds are managed to track an index, which will result in the Fund's performance being closely tied to the performance of the index. As a result, the Fund

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generally will not sell securities in its portfolio and buy different securities over the course of a year other than in conjunction with changes in its target index, even if there are adverse developments concerning a particular security, company or industry. As a result, you may suffer losses that you would not experience with an actively managed mutual fund. In addition, the Fund's returns may deviate from those of the index it seeks to track as a result of, among other factors, fund operating expenses, transaction costs and delays in investing cash.

### **Interest Rate Risk**

The volatility of fixed income securities is due principally to changes in interest rates. The market value of money market securities and other fixed income securities usually tends to vary inversely with the level of interest rates. As interest rates rise the value of such securities typically falls, and as interest rates fall, the value of such securities typically rises. The interest earned on fixed income securities may decline when interest rates go down or increase when interest rates go up. Longer-term and lower coupon bonds tend to be more sensitive to changes in interest rates.

### **Investment Company Risk**

An exchange-traded fund (ETF) or investment company may not achieve its investment objective or execute its investment strategy effectively, which may adversely affect the performance of a Fund investing in these instruments. Investments in ETFs and investment companies involve substantially the same risks as investing directly in the instruments held by these entities. However, the total return from such investments will be reduced by the operating expenses and fees of the ETF or investment company. In addition, a Fund that invests in shares of an ETF or another investment company bears a proportionate share of the ETF or other investment company's expenses.

### **IPO Risk**

A Fund's purchase of shares issued as part of, or a short period after, companies' IPOs exposes it to risks associated with companies that have little operating history as public companies, as well as to the risks inherent in those sectors of the market where these new issuers operate. The market for IPO issuers has been volatile, and share prices of newly-public companies have fluctuated in significant amounts over short periods of time.

### **Large Capitalization Company Risk**

Large capitalization companies tend to go in and out of favor based on market and economic conditions and tend to be less volatile than companies with smaller market capitalizations. In exchange for this potentially lower risk, the Fund's value may not rise as much as the value of funds that emphasize smaller capitalization companies. Larger, more established companies may be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes. Larger

companies also may not be able to attain the high growth rate of successful smaller companies, particularly during extended periods of economic expansion.

### **Market Risk**

The Fund's share price can fall because of weakness in the broad market, a particular industry, or specific holdings. The market as a whole can decline for many reasons, including adverse political or economic developments here or abroad, changes in investor psychology, or heavy institutional selling. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. In addition, a sub-adviser's assessment of companies held in a Fund may prove incorrect, resulting in losses or poor performance even in a rising market.

Markets tend to move in cycles with periods of rising prices and periods of falling prices. Like markets generally, the investment performance of the Fund will fluctuate, so an investor may lose money over short or even long periods.

### **Mid-Cap Company Risk**

The risk that medium sized companies, which usually do not have as much financial strength as very large companies, may not be able to do as well in difficult times. Investing in medium capitalization companies may be subject to special risks associated with narrower product lines, more limited financial resources, fewer experienced managers, dependence on a few key employees, and a more limited trading market for their stocks, as compared with larger companies.

### **Non-Diversification Risk**

A Fund that is considered a non-diversified investment company may invest a larger portion of its assets in the stock of a single company than a diversified investment company, and thus can invest in a smaller number of securities. As a result, such Fund's value will be affected to a greater extent by the performance of any one company than would be a diversified investment company.

### **Risks of Investing in Money Market Securities**

An investment in the Fund is subject to the risk that the value of its investments in high-quality short-term obligations ("money market securities") may be subject to changes in interest rates, changes in the rating of any money market security and in the ability of an issuer to make payments of interest and principal.

### **Sector Risk**

Companies with similar characteristics may be grouped together in broad categories called sectors. Sector risk is the risk that securities of companies within specific sectors of the economy can perform differently than the overall market. This may be due to changes in such things as the regulatory or competitive environment or

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changes in investor perceptions regarding a sector. Because a Fund may allocate relatively more assets to certain sectors than others, the Fund's performance may be more susceptible to any developments which affect those sectors emphasized by the Fund.

### **Securities Lending Risk**

Engaging in securities lending could increase the market and credit risk for Fund investments. The Fund may lose money if it does not recover borrowed securities, the value of the collateral falls, or the value of investments made with cash collateral declines. If the value of either the cash collateral or the Fund's investments of the cash collateral falls below the amount owed to a borrower, the Fund also may incur losses that exceed the amount it earned on lending the security. Securities lending also involves the risks of delay in receiving additional collateral or possible loss of rights in the collateral if the borrower fails. Another risk of securities lending is the risk that the loaned portfolio securities may not be available to the Fund on a timely basis and the Fund may therefore lose the opportunity to sell the securities at a desirable price.

### **Small Company Risk**

Investing in small companies involves greater risk than is customarily associated with larger companies. Stocks of small companies are subject to more abrupt or erratic price movements than larger company stocks. Small companies often are in the early stages of development and have limited product lines, markets, or financial resources. Their managements may lack depth and experience. Such companies seldom pay significant dividends that could cushion returns in a falling market. In addition, these companies may be more affected by intense competition from larger companies, and the trading markets for their securities may be less liquid and more volatile than securities of larger companies. This means that the Fund could have greater difficulty selling a security of a small-cap issuer at an acceptable price, especially in periods of market volatility. Also, it may take a substantial period of time before the Fund realizes a gain on an investment in a small-cap company, if it realizes any gain at all.

### **Technology Sector Risk**

Technology stocks historically have experienced unusually wide price swings, both up and down. The potential for wide variation in performance reflects the special risks common to companies in the rapidly changing field of technology. For example, products and services that at first appear promising may not prove to be commercially successful or may become obsolete

quickly. Earnings disappointments and intense competition for market share can result in sharp price declines.

Risks associated with technology stocks include, but are not limited to, the risks of short production cycles and rapid obsolescence of products and services, competition from new and existing companies, significant losses and/or limited earnings, security price volatility, limited operating histories and management experience and patent and other intellectual property considerations.

### **U.S. Government Obligations Risk**

U.S. Treasury obligations are backed by the "full faith and credit" of the U.S. Government and are generally considered to have minimal credit risk. Securities issued or guaranteed by federal agencies or authorities and U.S. Government-sponsored instrumentalities or enterprises may or may not be backed by the full faith and credit of the U.S. Government. For example, securities issued by the FHLMC, FNMA and the Federal Home Loan Banks are neither insured nor guaranteed by the U.S. Government. These securities may be supported by the ability to borrow from the U.S. Treasury or by the credit of the issuing agency, authority, instrumentality or enterprise and, as a result, are subject to greater credit risk than securities issued or guaranteed by the U.S. Treasury.

In addition, the value of FNMA and the FHLMC securities fell sharply in 2008 due to concerns that the firms do not have sufficient capital to offset losses resulting from the mortgage crisis. In mid-2008, the U.S. Treasury Department was authorized to increase the size of home loans in certain residential areas where the FNMA and FHLMC could offer loans, and to extend credit to FNMA and FHLMC through emergency funds and the purchase of entities' stock. More recently, in September 2008, the U.S. Treasury Department and the Federal Housing Finance Administration ("FHFA") announced that FNMA and FHLMC would be placed into a conservatorship under FHFA. The effect that this conservatorship will have on the companies' debt and equities is unclear. FNMA and FHLMC each has been the subject of investigations by federal regulators over certain accounting matters. Such investigations, and any resulting restatements of financial statements, may adversely affect the guaranteeing entity and, as a result, the payment of principal or interest on these types of securities.

## **About the Indices**

The **MSCI Europe, Australasia and Far East Index (EAFE) Index (net)**\* is a free float-adjusted market capitalization index that is designed to measure the

equity market performance of developed markets, excluding the US & Canada. As of May 30, 2011 the Index consisted of the following 22 developed market

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country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

The **Nasdaq-100<sup>®</sup> Index** includes 10 of the largest domestic and international non-financial securities listed on The NASDAQ Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies including investment companies.

The **Russell 2000<sup>®</sup> Index** measures the performance of the 2,000 smallest companies in the Russell 3000<sup>®</sup> Index, which represents approximately 8% of the total market capitalization of the Russell 3000<sup>®</sup> Index.

The **S&P MidCap 400<sup>®</sup> Index** is an index of the stocks of 400 domestic stocks chosen for market size, liquidity, and industry group representation. It is a market-value weighted index, with each stock's percentage in the Index in proportion to its market value.

### **Additional Information about the Nasdaq-100<sup>®</sup> Index.**

The Fund is not sponsored, endorsed, sold or promoted by the Nasdaq Stock Market Inc. (including its affiliates) (Nasdaq<sup>®</sup>, with its affiliates, are referred to as the "Corporations"). The Corporations have not passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, the Fund. The Corporations make no representation or warranty, express or implied to the owners of the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly, or the ability of the Nasdaq-100<sup>®</sup> Index to track general stock market performance. The Corporations' only relationship to the VC I (Licensee) is the licensing of the Nasdaq-100<sup>®</sup>, Nasdaq-100<sup>®</sup> Index, and Nasdaq<sup>®</sup> trademarks or service marks, and certain trade names of the Corporations and the use of the Nasdaq-100<sup>®</sup> Index which is determined, composed and calculated by Nasdaq<sup>®</sup> without regard to Licensee or the Fund. Nasdaq<sup>®</sup> has no obligation to take the needs of the Licensee or the owners of the Fund into consideration in determining, composing or calculating the Nasdaq-100<sup>®</sup> Index. The Corporations are not responsible for and have not participated in the determination of the timing of, prices at, or quantities of the Fund to be issued or in the determination or calculation of the equation by which the Fund is to be converted into cash. The Corporations have no liability in connection with the administration, marketing or trading of the Fund.

The Corporations do not guarantee the accuracy and/or uninterrupted calculation of the Nasdaq-100<sup>®</sup> Index or

The **S&P 500<sup>®</sup> Index** is an index of the stocks of 500 major large-cap U.S. corporations, chosen for market size, liquidity, and industry group representation. It is a market-value weighted index, with each stock's percentage in the Index in proportion to its market value.

The **S&P<sup>®</sup> North American Technology Sector Index** measures the performance of U.S.-traded stocks of technology-related companies in the U.S. and Canada. The Index includes companies in the following categories: producers of sophisticated computer-related devices; communications equipment and internet services; producers of computer and internet software; consultants for information technology; providers of computer services; and semiconductor equipment manufacturers.

\* The net index of each of the MSCI indices approximates the minimum possible dividend reinvestment and assumes that the dividend is reinvested after the deduction of withholding tax, applying the rate to non-resident individuals who do not benefit from double taxation treaties.

any data included herein. The Corporations make no warranty, express or implied, as to results to be obtained by Licensee, owners of the Fund, or any other person or entity from the use of the Nasdaq-100<sup>®</sup> Index or any data included therein. The Corporations make no express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Nasdaq-100<sup>®</sup> Index or any data included therein. Without limiting any of the foregoing, in no event shall the Corporations have any liability for any lost profits or special, incidental, punitive, indirect, or consequential damages, even if notified of the possibility of such damages.

**Additional Information About the Russell 2000<sup>®</sup> Index.** The Russell 2000<sup>®</sup> Index is a trademark/service mark of the Frank Russell Trust Company. The Small Cap Index Fund is not promoted, sponsored or endorsed by, nor in any way affiliated with Frank Russell Company. Frank Russell Company is not responsible for and has not reviewed the Fund or any associated literature or publications and makes no representation or warranty, express or implied, as to their accuracy, or completeness, or otherwise.

**Additional Information About the S&P Indices.** "Standard & Poor's<sup>®</sup>," "S&P<sup>®</sup>," "S&P 500<sup>®</sup>," and "S&P MidCap 400<sup>®</sup>," are trademarks of S&P. The Mid Cap Index Fund and Stock Index Fund are not sponsored, endorsed, sold or promoted by S&P, and S&P makes no representation regarding the advisability of investment in such Funds.

## ACCOUNT INFORMATION

### VC I Shares

VC I is an open-end mutual fund and may offer shares of the Funds for sale at any time. However, VC I offers shares of the Funds only to registered and unregistered separate accounts of VALIC and its affiliates and to qualifying retirement plans (previously defined as the "Plans") and IRAs.

### Buying and Selling Shares

As a participant in a Contract, Plan, or IRA, you do not directly buy shares of the Funds that make up VC I. Instead, you buy units in either a registered or unregistered separate account of VALIC or of its affiliates or through a trust or custodial account under a Plan or an IRA. When you buy these units, you specify the Funds in which you want the separate account, trustee or custodian to invest your money. The separate account, trustee or custodian in turn, buys the shares of the Funds according to your instructions. After you invest in a Fund, you participate in Fund earnings or losses in proportion to the amount of money you invest. When you provide instructions to buy, sell, or transfer shares of the Funds, the separate account, trustee or custodian does not pay any sales or redemption charges related to these transactions. The value of such transactions is based on the next calculation of net asset value after the orders are placed with the Fund.

For certain investors, there may be rules or procedures regarding the following:

- any minimum initial investment amount and/or limitations on periodic investments;
- how to purchase, redeem or exchange your interest in the Funds;
- how to obtain information about your account, including account statements; and
- any fees applicable to your account.

For more information on such rules or procedures, you should review your Contract prospectus, Plan document or custodial agreement. None of the Funds currently foresee any disadvantages to participants arising out of the fact that it may offer its shares to separate accounts of various insurance companies to serve as the investment medium for their variable annuity and variable life insurance contracts. Nevertheless, the Board of Directors intends to monitor events in order to identify any material irreconcilable conflicts which may possibly arise and to determine what action, if any, should be taken in response to such conflicts. If such a conflict were to occur, one or more insurance companies' separate accounts might be required to withdraw their investments in one or more Funds and shares of another Fund may be substituted. This might force a Fund to sell portfolio securities at disadvantageous prices. In addition, VC I reserves the right to refuse to sell shares of any Fund to any separate account, plan sponsor, trustee or custodian, or financial intermediary, or may suspend or terminate the offering of shares of any Fund if such action is required by law or regulatory authority or is in

the best interests of the shareholders of the Fund.

Although VC I normally redeems Fund shares for cash, VC I has the right to pay separate account assets other than cash for redemption amounts exceeding, in any 90-day period, \$250,000 or 1% of the net asset value of the affected Fund, whichever is less. A Fund may postpone the right of redemption only under unusual circumstances, as allowed by the SEC, such as when the New York Stock Exchange restricts or suspends trading.

### Frequent or Short-term Trading

The Funds, which are offered only through Contracts, Plans or IRAs, are intended for long-term investment and not as frequent short-term trading ("market timing") vehicles. Accordingly, organizations or individuals that use market timing investment strategies and make frequent transfers or redemptions should not purchase shares of the Funds. The Board of Directors has adopted policies and procedures with respect to market timing activity as discussed below. VC I believes that market timing activity is not in the best interest of the participants of the Funds. Due to the disruptive nature of this activity, it can adversely impact the ability of the sub-advisers to invest assets in an orderly, long-term manner. In addition, market timing can disrupt the management of a Fund and raise its expenses through: increased trading and transaction costs; forced and unplanned portfolio turnover; and large asset swings that decrease the Fund's ability to provide maximum investment return to all participants. This in turn can have an adverse effect on Fund performance.

Since certain Funds invest significantly in foreign securities, they may be particularly vulnerable to market timing. Market timing in Funds investing significantly in foreign securities may also occur because of time zone differences between the foreign markets on which a Fund's international portfolio securities trade and the time as of which the Fund's net asset value is calculated. Market timers might try to purchase shares of a Fund based on events occurring after foreign market closing prices are established but before calculation of the Fund's net asset value. One of the objectives of VC I's fair value pricing procedures is to minimize the possibilities of this type of market timing (see "How Shares are Valued").

Shares of the Funds are generally held through insurance company separate accounts, Plans or through a trust or custodial account ("Financial Intermediaries"). The ability of VC I to monitor transfers made by the participants in separate accounts or Plans maintained by financial intermediaries is limited by the institutional nature of Financial Intermediaries' omnibus accounts. VC I's policy is that the Funds will rely on the Financial Intermediaries to monitor market timing within a Fund to the extent that VC I believes that each Financial Intermediary's practices are reasonably designed to detect and deter transactions that are not in the best interest of a Fund.

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There is no guarantee that VC I will be able to detect market timing activity or the participants engaged in such activity, or, if it is detected, to prevent its recurrence. Whether or not VC I detects it, if market timing occurs, then you should anticipate that you will be subject to the disruptions and increased expenses discussed above. In situations in which VC I becomes aware of possible market timing activity, it will notify the Financial Intermediary in order to help facilitate the enforcement of such entity's market timing policies and procedures. VC I has entered into agreements with various Financial Intermediaries that require such intermediaries to provide certain information to help identify frequent trading activity and to prohibit further purchases or exchanges by a participant identified as having engaged in frequent trades. VC I reserves the right, in its sole discretion and without prior notice, to reject, restrict or refuse purchase orders received from a Financial Intermediary, whether directly or by transfer, including orders that have been accepted by a Financial Intermediary, that VC I determines not to be in the best interest of the Funds. Such rejections, restrictions or refusals will be applied uniformly without exception.

You should review your Contract prospectus, Plan document or custodial agreement for more information regarding market timing, including any restrictions, limitations or fees that may be charged on trades made through a Contract, Plan or IRA. Any restrictions or limitations imposed by the Contract, Plan or IRA may differ from those imposed by VC I.

### **Selective Disclosure of Portfolio Holdings**

VC I's policies and procedures with respect to the disclosure of the Funds' portfolio securities are described in the Statement of Additional Information.

### **How Shares are Valued**

The net asset value per share ("NAV") for a Fund is determined each business day at the close of regular trading on the New York Stock Exchange (generally 4:00 p.m., Eastern Time) by dividing the net assets of the Fund by the number of outstanding shares. Investments for which market quotations are readily available are valued at their market price as of the close of regular trading on the New York Stock Exchange for the day, unless, in accordance with pricing procedures approved by the Board of Directors, the market quotations are determined to be unreliable. Securities and other assets for which market quotations are unavailable or unreliable are valued at fair value in accordance with pricing procedures approved by the Board. There is no single standard for making fair value determinations, which may result in prices that vary from those of other funds. In addition, there can be no assurance that fair value pricing will reflect actual market value and it is possible that the fair value determined for a security may differ materially from the value that could be realized upon the sale of the security.

As of the close of regular trading on the New York Stock Exchange, securities traded primarily on security exchanges outside the United States are valued at the market price at the close of such exchanges on the day of valuation. If a security's price is available from more than one exchange, a Fund uses the exchange that is the primary market for the security. However, depending on the foreign market, closing prices may be up to 15 hours old when they are used to price the Fund's shares, and the Fund may determine that certain closing prices do not reflect the fair value of securities. This determination will be based on review of a number of factors, including developments in foreign markets, the performance of U.S. securities markets, and the performance of instruments trading in U.S. markets that represent foreign securities and baskets of foreign securities. If a Fund determines that closing prices do not reflect the fair value of the securities, the Fund will adjust the previous closing prices in accordance with pricing procedures approved by the Board to reflect what it believes to be the fair value of the securities as of the close of regular trading on the New York Stock Exchange. A Fund may also fair value securities in other situations, for example, when a particular foreign market is closed but the Fund is open. For foreign equity securities and foreign equity futures contracts a Fund uses an outside pricing service to provide it with closing market prices and information used for adjusting those prices.

Certain Funds may invest in securities that are primarily listed on foreign exchanges that trade on weekends or other days when the Fund does not price its shares. As a result, the value of such foreign securities may change on days when the Fund's shares do not trade, which may impact the Fund's NAV. The securities held by the Money Market I Fund and short-term securities maturing within 60 days held by other Funds are valued at amortized cost, which approximates market value. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. In accordance with Rule 2a-7 under the 1940 Act, the Board has adopted procedures intended to stabilize the Money Market I Fund's net asset value per share at \$1.00. These procedures include the determination, at such intervals as the Board deems appropriate and reasonable in light of current market conditions, of the extent, if any, to which a Fund's market-based net asset value per share deviates from the Fund's amortized cost per share. For purposes of these market-based valuations, securities for which market quotations are not readily available are fair valued, as determined pursuant to procedures adopted in good faith by the Board.

During periods of extreme volatility or market crisis, a Fund may temporarily suspend the processing of sell requests or may postpone payment of proceeds for up to

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seven business days or longer, or as allowed by federal securities laws.

### **Dividends and Capital Gains**

#### *Dividends from Net Investment Income*

For each Fund, dividends from net investment income are declared and paid annually, except for the Money Market I Fund, which declares daily and pays dividends monthly. Dividends from net investment income are automatically reinvested for you into additional shares of the Fund. Each of the Funds reserves the right to declare and pay dividends less frequently than as disclosed above, provided that the net realized capital gains and net investment income, if any, are paid at least annually.

#### *Distributions from Capital Gains*

When a Fund sells a security for more than it paid for that security, a capital gain results. For each Fund, distributions from capital gains, if any, are normally declared and paid annually. Distributions from capital

gains are automatically reinvested for you into additional shares of the Fund.

### **Tax Consequences**

As the owner of a Contract, a participant under your employer's Contract or Plan or as an IRA account owner, you will not be directly affected by the federal income tax consequences of distributions, sales or redemptions of Fund shares. You should consult your Contract prospectus, Plan document or custodial agreement for further information concerning the federal income tax consequences to you of investing in the Funds.

The Funds will annually designate certain amounts of their dividends paid as eligible for the dividend received deduction. If the Funds incur foreign taxes, they will elect to pass-through allowable foreign tax credits. These designations and elections will benefit VALIC, in potentially material amounts, and will not beneficially or adversely affect you or the Funds. The benefits to VALIC will not be passed to you or the Funds.

## MANAGEMENT

### Investment Adviser

VALIC is a stock life insurance company which has been in the investment advisory business since 1960 and is the investment adviser for all the Funds. VALIC is an indirect wholly-owned subsidiary of American International Group, Inc. ("AIG"). AIG is a holding company which through its subsidiaries is engaged in a broad range of insurance and insurance-related activities and financial services in the United States and abroad.

VALIC is located at 2929 Allen Parkway, Houston, Texas 77019.

VALIC serves as investment adviser through an Investment Advisory Agreement with VC I. As investment adviser, VALIC oversees the day to day operations of each Fund and supervises the purchase and sale of Fund investments. VALIC employs investment sub-advisers who make investment decisions for the Funds.

The investment advisory agreement between VALIC and VC I provides for VC I to pay all expenses not specifically assumed by VALIC. Examples of the expenses paid by VC I include transfer agency fees, custodial fees, the fees of outside legal and auditing firms, the costs of reports to shareholders and expenses of servicing shareholder accounts. These expenses are allocated to each Fund in a manner approved by the Board of Directors. For more information on these agreements, see the "Investment Adviser" section in the Statement of Additional Information.

### Investment Sub-Advisers

VALIC works with investment sub-advisers for each Fund. Sub-advisers are financial service companies that specialize in certain types of investing. The sub-adviser's role is to make investment decisions for the Funds according to each Fund's investment objectives and restrictions. VALIC compensates the sub-advisers out of the fees it receives from each Fund.

According to the agreements VALIC has with the sub-advisers, VALIC will receive investment advice for each Fund. Under these agreements VALIC gives the sub-advisers the authority to buy and sell securities for the sub-advised Funds. However, VALIC retains the responsibility for the overall management of these Funds. The sub-advisers may buy and sell securities for each Fund with broker-dealers and other financial intermediaries that they select. The sub-advisers may place orders to buy and sell securities of these Funds with a broker-dealer affiliated with the sub-adviser, as allowed by law. This could include any affiliated futures commission merchants.

The 1940 Act permits sub-advisers, under certain conditions, to place an order to buy or sell securities with an affiliated broker. One of these conditions is that the commission received by the affiliated broker cannot be

greater than the usual and customary brokers commission if the sale was completed on a securities exchange. VC I has adopted procedures, as required by the 1940 Act, which provide that any commissions received by a sub-adviser's affiliated broker may be considered reasonable and fair if compared to the commission received by other brokers for the same type of securities transaction.

The Securities Exchange Act of 1934 prohibits members of national securities exchanges from effecting exchange transactions for accounts that they or their affiliates manage, except as allowed under rules adopted by the SEC. VC I and the sub-advisers have entered into written contracts, as required by the 1940 Act, to allow a sub-adviser's affiliate to effect these types of transactions for commissions. The 1940 Act generally prohibits a sub-adviser or a sub-adviser's affiliate, acting as principal, from engaging in securities transactions with a Fund, without an exemptive order from the SEC.

VALIC and the sub-advisers may enter into simultaneous purchase and sale transactions for the Funds or affiliates of the Funds.

In selecting sub-advisers, the Board of Directors carefully evaluated: (i) the nature and quality of the services expected to be rendered to the Fund(s) by the sub-adviser; (ii) the distinct investment objective and policies of the Fund(s); (iii) the history, reputation, qualification and background of the sub-advisers' personnel and its financial condition; (iv) its performance track record; and (v) other factors deemed relevant. The Directors also reviewed the fees to be paid by VALIC to each sub-adviser. The sub-advisory fees are not paid by the Funds. A discussion of the basis for the Board of Directors' approval of the investment advisory and sub-advisory agreements is available in VC I's most recent annual report for the period ended May 31 and/or its most recent semi-annual report for the period ended November 30. For information on obtaining an annual or semi-annual report to shareholders, see the section "Interested in Learning More."

VC I relies upon an exemptive order from the SEC which permits VALIC, subject to certain conditions, to select new sub-advisers or replace existing sub-advisers without first obtaining shareholder approval for the change. The Board of Directors, including a majority of the independent Directors, must approve each new sub-advisory agreement. This allows VALIC to act more quickly to change sub-advisers when it determines that a change is beneficial by avoiding the delay of calling and holding shareholder meetings to approve each change. In accordance with the exemptive order, VC I will provide investors with information about each new sub-adviser and its sub-advisory agreement within 90 days of hiring the new sub-adviser. VALIC is responsible for selecting, monitoring, evaluating and allocating assets to the sub-advisers and oversees the sub-advisers' compliance with

## MANAGEMENT

the relevant Fund's investment objective, policies and restrictions.

The Statement of Additional Information provides information regarding the portfolio managers listed below, including other accounts they manage, their ownership interest in the Fund(s) that they serve as portfolio manager, and the structure and method used by the sub-adviser to determine their compensation.

### The Sub-Advisers are:

***PineBridge Investments, LLC***  
***SunAmerica Asset Management Corp.***  
***T. Rowe Price Associates, Inc.***  
***Wellington Management Company, LLP***

*International Equities Fund*

**PineBridge Investments, LLC ("PineBridge")**  
399 Park Avenue, New York, New York 10022

PineBridge is an indirect subsidiary of Bridge Partners, L.P., a partnership formed by Pacific Century Group, an Asia-based private investment group. PineBridge provides investment advice and markets asset management products and services to clients around the world. As of June 30, 2011, PineBridge managed approximately \$77.76 billion.

A team makes decisions for the Fund, as noted below. The team meets regularly to review portfolio holdings and discuss purchase and sale activity.

Investment decisions for the *International Equities Fund* are made by a team including Lan Cai, Timothy Campion and Michael Kelly. Ms. Cai joined PineBridge in 2000 and serves as a Head Portfolio Manager, responsible for managing merger arbitrage portfolios, index plus funds, research enhanced portfolios, tax efficient equity income portfolios and long/short equity portfolios. Ms. Cai is a CFA charterholder. Mr. Campion, Vice President, joined PineBridge in 1999. He is a Portfolio Manager and Trader responsible for enhanced indexed products. His investment experience began in 1996. Mr. Kelly, Managing Director, Global Head of Asset Allocation & Structured Equities, joined PineBridge in 1999. In his current role, Mr. Kelly is responsible for the development and management of structured equity products worldwide and the expansion of PineBridge's capabilities for institutional pension fund advisory and retail orientated asset allocation vehicles.

*Mid Cap Index Fund*  
*Money Market I Fund*  
*Nasdaq-100 Index Fund*  
*Small Cap Index Fund*  
*Stock Index Fund*

**SunAmerica Asset Management Corp. ("SAAMCo")**  
*Harborside Financial Center, 3200 Plaza 5*  
*Jersey City, New Jersey 07311*

SAAMCo is organized as a Delaware corporation and is an indirect, wholly-owned subsidiary of American International Group, Inc. As of June 30, 2011, SAAMCo managed, advised and/or administered more than \$45.3 billion in assets.

SAAMCo's Fixed-Income Investment Team is responsible for management of the *Money Market I Fund*.

James O. Kurtz serves as the portfolio manager of the *Nasdaq-100 Index Fund*, *Mid Cap Index Fund*, *Small Cap Index Fund* and *Stock Index Fund*. Mr. Kurtz, Senior Vice President and Portfolio Manager, joined SAAMCo in December 2009. He is responsible for the management and trading of a wide variety of domestic equity index funds managed by SAAMCo. Prior to joining SAAMCo, Mr. Kurtz was a senior portfolio manager of AIG Global Investment Corp. ("AIGGIC") following the acquisition of American General Investment Management, L.P. in 2001.

*Science & Technology Fund*

**T. Rowe Price Associates, Inc. ("T. Rowe Price")**  
*100 East Pratt Street, Baltimore, Maryland 21202*

T. Rowe Price, which was founded by Thomas Rowe Price, Jr. in 1937, is one of the pioneers of the growth stock theory of investing. Its approach to managing money is based on proprietary research and a strict investment discipline developed over seven decades. The firm, which is a wholly-owned subsidiary of T. Rowe Price Group, Inc., a publicly owned financial services company, is one of the nation's leading no-load fund managers. As of June 30, 2011, T. Rowe Price and its affiliates had approximately \$520.9 billion in assets under management.

T. Rowe Price is responsible for sub-advising a portion of the *Science & Technology Fund*. This portion is managed by an investment advisory committee chaired by Kennard W. Allen. As committee chairman, Mr. Allen has day-to-day responsibility for managing the Fund and works with the committee in developing and executing the Fund's investment program. Mr. Allen previously served as a member of the investment advisory committee. He joined T. Rowe Price in 2000 and his investment experience dates from that time.

## MANAGEMENT

### *Science & Technology Fund*

#### **Wellington Management Company, LLP ("Wellington Management")**

280 Congress Street, Boston, Massachusetts 02210

Wellington Management is a professional investment counseling firm which provides investment services to investment companies, employee benefit plans, endowments, foundations, and other institutions.

Wellington Management and its predecessor organizations have provided investment advisory services for over 70 years. As of June 30, 2011, Wellington Management had investment management authority with respect to approximately \$676 billion in assets.

A portion of the assets of the *Science & Technology Fund* is managed by Wellington Management's Global Technology Investment Team. The team is comprised of John F. Averill, CFA, Nicholas B. Boullet, Bruce L. Glazer, Anita M. Killian, CFA and Michael T. Masdea. Each team member provides portfolio management and securities analysis services for Wellington Management's portion of the Fund's assets.

Mr. Averill, Senior Vice President and Global Industry Analyst of Wellington Management, joined the firm as an investment professional in 1994. Mr. Boullet, Vice President and Global Industry Analyst of Wellington Management, joined the firm as an investment professional in 2005. Mr. Glazer, Senior Vice President and Global Industry Analyst of Wellington Management, joined the firm as an investment professional in 1997. Ms. Killian, Director and Global Industry Analyst affiliated with Wellington Management, joined the firm as an investment professional in 2000. Mr. Masdea, Vice President and Global Industry Analyst of Wellington Management, joined the firm as an investment professional in 2008. Prior to joining Wellington Management, Mr. Masdea was a managing director and the global head of semiconductor research at Credit Suisse from 1999 through 2008.

#### **How VALIC is Paid for its Services**

Each Fund pays VALIC a fee based on its average daily net asset value. A Fund's net asset value is the total value of the Fund's assets minus any money it owes for operating expenses, such as the fee paid to its Custodian to safeguard the Fund's investments.

Here is a list of the percentages each Fund paid VALIC for the fiscal year ended May 31, 2011.

Fund Name	Advisory Fee Paid (as a percentage of average daily net assets)
International Equities Fund	0.30%
Mid Cap Index Fund	0.27%
Money Market I Fund	0.40%
Nasdaq-100 Index Fund	0.40%
Science & Technology Fund	0.88%
Small Cap Index Fund	0.31%
Stock Index Fund	0.26%

The Investment Advisory Agreement entered into with each Fund does not limit how much the Funds pay in monthly expenses each year. However, VALIC has agreed to cap certain Fund expenses by waiving a portion of its advisory fee or reimbursing certain expenses, as shown in the Annual Fund Operating Expenses in such Fund's Summary.

#### **Additional Information about Fund Expenses**

*Commission Recapture Program.* Through a commission recapture program a portion of the Funds' expenses have been reduced. "Other Expenses," as reflected in the Annual Fund Operating Expenses on each Fund Summary, does not take into account this expense reduction and are therefore higher than the actual expenses of the Fund. Had the expense reductions been taken into account, "Total Annual Fund Operating Expenses After Expense Reimbursements" for the Science & Technology Fund would be 1.01%.

*Acquired Fund Fees and Expenses.* Acquired fund fees and expenses include fees and expenses incurred indirectly by a Portfolio as a result of investment in shares of one or more mutual funds, hedge funds, private equity funds or pooled investment vehicles. The fees and expenses will vary based on the Portfolio's allocation of assets to, and the annualized expenses of, the particular acquired fund.

*Expense Limitations.* VALIC has contractually agreed to reimburse expenses for the period through September 30, 2012, so that the Total Annual Fund Operating Expenses of the Money Market I Fund do not exceed 0.55%. For the fiscal year ended May 31, 2011, the Fund's Total Annual Fund Operating Expenses were below such expense limitation.

*Money Market I Fund.* In order to avoid a negative yield, VALIC may waive fees or reimburse expenses of the Money Market I Fund. Any such waiver or reimbursement would be voluntary and could be discontinued at any time by VALIC. There is no guarantee that the Fund will be able to avoid a negative yield. For the fiscal year ended May 31, 2011, VALIC waived fees or reimbursed expenses in the amount of 0.28% of the Total Annual Fund Operating Expenses resulting in Total Annual Fund Operating Expenses After Expense Reimbursement of 0.24%.

## FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand each Fund's financial performance for the past 5 years, or, if shorter, the period of the Fund's operations. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). The information for the fiscal years ended 2008 through 2011 have been audited by PricewaterhouseCoopers LLP, Independent Registered Public

Accounting Firm of VC I, whose report, along with the Funds' financial statements, is included in the VC I annual report to shareholders which is available upon request. Information prior to fiscal year 2008 was audited by Ernst & Young, LLP.

Per share data assumes that you held each share from the beginning to the end of each fiscal year. Total return assumes that you bought additional shares with dividends paid by the Fund.

Total returns for periods of less than one year are not annualized.

	International Equities Fund					Mid Cap Index Fund				
	Year Ended May 31,					Year Ended May 31,				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
<b>PER SHARE DATA</b>										
Net asset value at beginning of period	\$ 5.38	\$ 5.15	\$ 10.37	\$ 11.29	\$ 9.79	\$ 17.30	\$ 13.32	\$ 23.88	\$ 26.62	\$ 23.72
Income (loss) from investment operations:										
Net investment income (loss) <sup>(d)</sup>	0.16	0.13	0.19	0.31	0.25	0.18	0.19	0.25	0.26	0.30
Net realized and unrealized gain (loss) on investments and foreign currencies	1.45	0.25	(4.18)	(0.75)	2.02	5.43	4.40	(8.65)	(1.05)	4.38
Total income (loss) from investment operations	1.61	0.38	(3.99)	(0.44)	2.27	5.61	4.59	(8.40)	(0.79)	4.68
Distributions from:										
Net investment income	(0.15)	(0.15)	(0.28)	(0.26)	(0.16)	(0.20)	(0.25)	(0.27)	(0.30)	(0.12)
Net realized gain on securities	—	—	(0.95)	(0.22)	(0.61)	—	(0.36)	(1.89)	(1.65)	(1.66)
Return of capital	—	—	—	—	—	—	—	—	—	—
Total distributions	(0.15)	(0.15)	(1.23)	(0.48)	(0.77)	(0.20)	(0.61)	(2.16)	(1.95)	(1.78)
Net asset value at end of period	\$ 6.84	\$ 5.38	\$ 5.15	\$ 10.37	\$ 11.29	\$ 22.71	\$ 17.30	\$ 13.32	\$ 23.88	\$ 26.62
<b>TOTAL RETURN<sup>(a)</sup></b>	<b>30.18%</b>	<b>7.06%</b>	<b>(37.10)%</b>	<b>(3.91)%</b>	<b>24.05%</b>	<b>32.54%<sup>(e)</sup></b>	<b>34.73%</b>	<b>(33.91)%</b>	<b>(2.73)%</b>	<b>20.77%</b>

### RATIOS/SUPPLEMENTAL DATA

Ratio of expenses to average net assets <sup>(b)</sup>	0.47%	0.52%	0.55%	0.51%	0.50%	0.39%	0.39%	0.40%	0.38%	0.38%
Ratio of expenses to average net assets <sup>(c)</sup>	0.47%	0.52%	0.55%	0.51%	0.50%	0.39%	0.39%	0.40%	0.38%	0.38%
Ratio of expense reductions to average net assets	—	—	—	—	—	—	—	—	—	—
Ratio of net investment income (loss) to average net assets <sup>(b)</sup>	2.53%	2.29%	3.18%	2.87%	2.45%	0.93%	1.17%	1.64%	1.08%	1.27%
Ratio of net investment income (loss) to average net assets <sup>(c)</sup>	2.53%	2.29%	3.18%	2.87%	2.45%	0.93%	1.17%	1.64%	1.08%	1.27%
Portfolio turnover rate	56%	66%	81%	104%	47%	18%	12%	22%	21%	14%
Number of shares outstanding at end of period (000's)	150,421	145,793	141,492	106,313	97,164	120,474	121,459	123,279	112,050	115,417
Net assets at end of period (000's)	\$1,028,197	\$783,839	\$728,784	\$1,102,850	\$1,097,046	\$2,736,232	\$2,101,641	\$1,642,120	\$2,676,198	\$3,071,995

(a) Total return is not annualized. It does include, if any, expense reimbursements and expense reductions. The effect of fees and charges incurred at the separate account level are not reflected in these performance figures. If such expenses had been included, the total return would have been lower for each period presented.

(b) Includes, if any, expense reimbursement, but excludes, if any, expense reductions.

(c) Excludes, if any, expense reimbursements and expense reductions.

(d) The per share amounts are calculated using the average share method.

(e) The Fund's performance figure was increased by less than 0.01% from gains on the disposal of investments in violation of investment restrictions (Note 3).

## FINANCIAL HIGHLIGHTS

	Money Market I Fund				
	Year Ended May 31,				
	2011	2010	2009	2008	2007
<b>PER SHARE DATA</b>					
Net asset value at beginning of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Income (loss) from investment operations:					
Net investment income (loss) <sup>(d)</sup>	0.00	0.00	0.01	0.04	0.05
Net realized and unrealized gain (loss) on investments and foreign currencies	(0.00)	0.00	-	-	-
Total income (loss) from investment operations	-	0.00	0.01	0.04	0.05
Distributions from:					
Net investment income	(0.00)	(0.00)	(0.01)	(0.04)	(0.05)
Net realized gain on securities	-	(0.00)	-	-	-
Return of capital	-	-	-	-	-
Total distributions	(0.00)	(0.00)	(0.01)	(0.04)	(0.05)
Net asset value at end of period	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>TOTAL RETURN<sup>(a)</sup></b>	<b>0.01%</b>	<b>0.04%<sup>(e)</sup></b>	<b>1.33%</b>	<b>3.82%</b>	<b>4.90%</b>
<b>RATIOS/SUPPLEMENTAL DATA</b>					
Ratio of expenses to average net assets <sup>(b)</sup>	0.24%	0.41%	0.54%	0.51%	0.52%
Ratio of expenses to average net assets <sup>(c)</sup>	0.52%	0.55%	0.59%	0.51%	0.52%
Ratio of expense reductions to average net assets	-	-	-	-	-
Ratio of net investment income (loss) to average net assets <sup>(b)</sup>	0.01%	0.03%	1.31%	3.72%	4.80%
Ratio of net investment income (loss) to average net assets <sup>(c)</sup>	(0.27)%	(0.10)%	1.26%	3.72%	4.80%
Portfolio turnover rate	N/A	N/A	N/A	N/A	N/A
Number of shares outstanding at end of period (000's)	474,285	542,000	612,933	572,369	516,352
Net assets at end of period (000's)	\$473,443	\$541,159	\$611,356	\$572,434	\$516,352

<sup>(a)</sup> Total return is not annualized. It does include, if any, expense reimbursements and expense reductions. The effect of fees and charges incurred at the separate account level are not reflected in these performance figures. If such expenses had been included, the total return would have been lower for each period presented.

<sup>(b)</sup> Includes, if any, expense reimbursement, but excludes, if any, expense reductions.

<sup>(c)</sup> Excludes, if any, expense reimbursements and expense reductions.

<sup>(d)</sup> The per share amounts are calculated using the average share method.

<sup>(e)</sup> The Fund's performance figure was increased by less than 0.01% from the effect of payments by an affiliate.

<sup>(f)</sup> The Fund's performance figure was increased by less than 0.01% from gains on the disposal of investments in violation of investment restrictions.

# FINANCIAL HIGHLIGHTS

	Nasdaq-100® Index Fund					Science & Technology Fund				
	Year Ended May 31,					Year Ended May 31,				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
<b>PER SHARE DATA</b>										
Net asset value at beginning of period	\$ 5.03	\$ 3.89	\$ 5.62	\$ 5.34	\$ 4.38	\$ 12.93	\$ 9.98	\$ 14.41	\$ 13.67	\$ 11.50
Income (loss) from investment operations:										
Net investment income (loss) <sup>(d)</sup>	0.02	0.01	0.01	0.01	0.00	(0.03)	(0.02)	0.01	(0.01)	(0.05)
Net realized and unrealized gain (loss) on investments and foreign currencies	1.41	1.14	(1.68)	0.27	0.96	4.67	2.98	(4.44)	0.75	2.22
Total income (loss) from investment operations	1.43	1.15	(1.67)	0.28	0.96	4.64	2.96	(4.43)	0.74	2.17
Distributions from:										
Net investment income	(0.01)	(0.01)	(0.01)	—	(0.00)	(0.00)	(0.01)	—	—	—
Net realized gain on securities	—	—	(0.05)	—	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—	—	—	—	—
Total distributions	(0.01)	(0.01)	(0.06)	—	(0.00)	(0.00)	(0.01)	—	—	—
Net asset value at end of period	\$ 6.45	\$ 5.03	\$ 3.89	\$ 5.62	\$ 5.34	\$ 17.57	\$ 12.93	\$ 9.98	\$ 14.41	\$ 13.67
<b>TOTAL RETURN<sup>(a)</sup></b>	<b>28.53%</b>	<b>29.60%<sup>(f)</sup></b>	<b>(29.36)%</b>	<b>5.32%</b>	<b>22.01%</b>	<b>35.89%</b>	<b>29.67%<sup>(f)</sup></b>	<b>(30.74)%<sup>(e)</sup></b>	<b>5.41%</b>	<b>18.87%</b>
<b>RATIOS/SUPPLEMENTAL DATA</b>										
Ratio of expenses to average net assets <sup>(b)</sup>	0.53%	0.54%	0.55%	0.56%	0.63%	1.02%	1.02%	1.06%	1.00%	1.03%
Ratio of expenses to average net assets <sup>(c)</sup>	0.63%	0.60%	0.66%	0.60%	0.63%	1.02%	1.02%	1.06%	1.00%	1.03%
Ratio of expense reductions to average net assets	—	—	—	—	—	0.01%	0.02%	0.01%	0.01%	0.02%
Ratio of net investment income (loss) to average net assets <sup>(b)</sup>	0.43%	0.25%	0.35%	0.27%	0.08%	(0.22)%	(0.20)%	0.09%	(0.11)%	(0.39)%
Ratio of net investment income (loss) to average net assets <sup>(c)</sup>	0.33%	0.18%	0.24%	0.23%	0.08%	(0.22)%	(0.20)%	0.09%	(0.11)%	(0.39)%
Portfolio turnover rate	29%	6%	9%	8%	5%	111%	138%	150%	145%	163%
Number of shares outstanding at end of period (000's)	19,713	20,423	18,892	17,471	15,678	50,582	54,912	56,476	63,061	70,630
Net assets at end of period (000's)	\$127,160	\$102,703	\$73,521	\$98,269	\$83,647	\$888,918	\$710,097	\$563,610	\$908,590	\$965,650

<sup>(a)</sup> Total return is not annualized. It does include, if any, expense reimbursements and expense reductions. The effect of fees and charges incurred at the separate account level are not reflected in these performance figures. If such expenses had been included, the total return would have been lower for each period presented.

<sup>(b)</sup> Includes, if any, expense reimbursement, but excludes, if any, expense reductions.

<sup>(c)</sup> Excludes, if any, expense reimbursements and expense reductions.

<sup>(d)</sup> The per share amounts are calculated using the average share method.

<sup>(e)</sup> The Fund's performance figure was increased by 0.07% from reimbursements for losses realized on the disposal of investments in violation of investment restrictions.

<sup>(f)</sup> The Fund's performance figure was increased by less than 0.01% by a reimbursement by an affiliate.

## FINANCIAL HIGHLIGHTS

	Small Cap Index Fund					Stock Index Fund				
	Year Ended May 31,					Year Ended May 31,				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
<b>PER SHARE DATA</b>										
Net asset value at beginning of period	\$ 12.15	\$ 9.43	\$ 15.80	\$ 19.41	\$ 17.24	\$ 21.93	\$ 19.06	\$ 34.60	\$ 39.80	\$ 33.87
Income (loss) from investment operations:										
Net investment income (loss) <sup>(d)</sup>	0.13	0.11	0.18	0.23	0.21	0.41	0.37	0.53	0.60	0.58
Net realized and unrealized gain (loss) on investments and foreign currencies	3.44	3.06	(5.35)	(2.27)	2.93	5.12	3.66	(12.20)	(3.30)	6.86
Total income (loss) from investment operations	3.57	3.17	(5.17)	(2.04)	3.14	5.53	4.03	(11.67)	(2.70)	7.44
Distributions from:										
Net investment income	(0.12)	(0.18)	(0.23)	(0.20)	(0.07)	(0.43)	(0.49)	(0.70)	(0.61)	(0.31)
Net realized gain on securities	—	(0.27)	(0.97)	(1.37)	(0.90)	(0.32)	(0.67)	(3.17)	(1.89)	(1.20)
Return of capital	—	—	—	—	—	—	—	—	—	—
Total distributions	(0.12)	(0.45)	(1.20)	(1.57)	(0.97)	(0.75)	(1.16)	(3.87)	(2.50)	(1.51)
Net asset value at end of period	\$ 15.60	\$ 12.15	\$ 9.43	\$ 15.80	\$ 19.41	\$ 26.71	\$ 21.93	\$ 19.06	\$ 34.60	\$ 39.80
<b>TOTAL RETURN<sup>(a)</sup></b>	<b>29.44%</b>	<b>34.01%</b>	<b>(32.19)%</b>	<b>(10.71)%</b>	<b>18.66%</b>	<b>25.55%</b>	<b>21.06%</b>	<b>(32.99)%</b>	<b>(6.98)%</b>	<b>22.37%</b>
<b>RATIOS/ SUPPLEMENTAL DATA</b>										
Ratio of expenses to average net assets <sup>(b)</sup>	0.44%	0.46%	0.47%	0.42%	0.43%	0.38%	0.38%	0.39%	0.35%	0.35%
Ratio of expenses to average net assets <sup>(c)</sup>	0.44%	0.46%	0.47%	0.42%	0.43%	0.38%	0.38%	0.39%	0.35%	0.35%
Ratio of expense reductions to average net assets	—	—	—	—	—	—	—	—	—	—
Ratio of net investment income (loss) to average net assets <sup>(b)</sup>	0.95%	0.98%	1.65%	1.34%	1.20%	1.70%	1.70%	2.31%	1.64%	1.58%
Ratio of net investment income (loss) to average net assets <sup>(c)</sup>	0.95%	0.98%	1.65%	1.34%	1.20%	1.70%	1.70%	2.31%	1.64%	1.58%
Portfolio turnover rate	13%	15%	24%	20%	18%	11%	7%	7%	5%	4%
Number of shares outstanding at end of period (000's)	62,750	66,604	67,300	62,690	62,786	132,974	136,381	130,783	124,600	133,576
Net assets at end of period (000's)	\$978,592	\$809,018	\$634,336	\$990,398	\$1,218,827	\$3,551,607	\$2,990,589	\$2,493,280	\$4,311,083	\$5,316,922

<sup>(a)</sup> Total return is not annualized. It does include, if any, expense reimbursements and expense reductions. The effect of fees and charges incurred at the separate account level are not reflected in these performance figures. If such expenses had been included, the total return would have been lower for each period presented.

<sup>(b)</sup> Includes, if any, expense reimbursements, but excludes, if any, expense reductions.

<sup>(c)</sup> Excludes, if any, expense reimbursements and expense reductions.

<sup>(d)</sup> The per share amounts are calculated using the average share method.

## INTERESTED IN LEARNING MORE?

The Statement of Additional Information (SAI) incorporated by reference into this prospectus contains additional information about VC I's operations.

Further information about the Funds' investments is available in VC I's annual and semi-annual reports to shareholders. VC I's annual report discusses market conditions and investment strategies that significantly affected the Funds' performance results during its last fiscal year.

VALIC can provide you with a free copy of these materials or other information about VC I. You may reach VALIC by calling 1-800-448-2542 or by writing to P.O. Box 15648, Amarillo, Texas 79105-5648. VC I's prospectus, SAI, and shareholder reports are available online at [http://www.valic.com/ProspectusesReports\\_82\\_285848.html](http://www.valic.com/ProspectusesReports_82_285848.html).

The Securities and Exchange Commission (SEC) maintains copies of these documents, which are available on the EDGAR Database on the SEC's web site at <http://www.sec.gov>. If you wish to review a paper filing or to request that documents be mailed to you, contact the SEC by writing to: SEC Public Reference Room, Washington, DC 20549-6009; or call the SEC at 1-800-SEC-0330. You may also request a paper copy from the SEC electronically at [publicinfo@sec.gov](mailto:publicinfo@sec.gov). A duplicating fee will be assessed for all copies provided by the SEC.