

Focusing on global property and casualty insurance

- On October 3, AIG Chairman and CEO Ed Liddy announced AIG's intent to focus on its global property and casualty insurance businesses and to sell a number of businesses to generate sufficient liquidity to repay the loan from the Federal Reserve Bank of New York.
- AIG Commercial Insurance (AIGCI)—AIG's commercial insurance business in the US and Canada—and American International Underwriters (AIU)—AIG's international property casualty business—comprise AIG's worldwide property casualty operations.
- AIG will emerge from these challenges a more focused company, but not small by any measure:
 - ✓ Worldwide property casualty business generated over \$40 billion in revenue in 2007, which would rank it 59th on the Fortune 500[®], ahead of all of our primary commercial property casualty competitors.
 - ✓ Customers can continue to rely on AIG's broad risk appetite, commitment to served markets and extensive global reach with boots on the ground in over 130 countries and jurisdictions.

AIGCI remains well capitalized and financially secure

- With policyholder surplus of \$26.7 billion at June 30, 2008, an increase of 51% from the end of 2005, AIGCI is even stronger than when current customers last renewed their policies.
- As a result of increased surplus, AIGCI's premium-to-surplus ratio—a key indicator of an insurance company's financial leverage—is less than 1:1. By comparison, that ratio was 1.3:1 at the end of 2005.
- AIGCI's six month net income was \$1.9 billion, and invested assets exceeded \$70 billion, at June 30, 2008.
- Approximately 75% of AIGCI's invested assets are in municipal bonds.
- AIGCI has ample resources to pay policyholder claims, paying \$73 million in claims every business day.
- Many state insurance departments have acknowledged that AIG's insurance companies are financially secure. The New York State Insurance Department has stated in a press release, "AIG's insurance companies are financially sound, with substantially more in assets than they need to pay all valid present and projected claims."
- AIGCI's financial strength ratings remain excellent. AIG's corporate credit and debt ratings continue to be under review largely due to the rating agencies' views on the uncertainty surrounding AIG's proposed asset sales.

AIG's agreement with the Federal Reserve Bank of New York

- On September 22, AIG signed a definitive agreement with the Federal Reserve Bank of New York for a two-year, \$85 billion revolving credit facility.
- Under the agreement, AIG will issue a new series of Convertible Preferred Stock to a trust for the benefit of the US Treasury. The Preferred Stock will vote with the common stock on all matters, and will hold approximately 79.9% of the total voting power.
- At October 3, AIG had borrowed \$61 billion from the facility. The majority of the borrowings were primarily for AIG Financial Products and their credit default swap portfolio and to address losses in the securities lending program. The remainder was used to replace funds AIG would typically raise in short-term debt markets.
- Management expected the use of the loan facility to be front-end loaded as declines in the loan facility are expected to be driven by the timing of asset sales. AIG is working diligently with the Federal Reserve to address the CDS portfolio and securities lending exposures.
- Under the agreement, AIG's insurance subsidiaries will continue to operate in the normal course of business.

AIGCI's unique franchise offers customers valuable options in managing their risk

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| ✓ Broad risk appetite | ✓ Experienced underwriters / claims professionals |
| ✓ Capacity for catastrophic risks | ✓ Breadth of products / services |
| ✓ Financial strength and claims paying ability | ✓ Extensive global and national network |
| ✓ Commitment to served markets | ✓ Service excellence |
| ✓ Innovative products and underwriting solutions | ✓ Strong distribution relationships |

AIG Commercial Insurance is the marketing name for the domestic commercial property casualty insurance operations of American International Group, Inc. For additional information, please visit our website at www.aig.com. All products are written by insurance company subsidiaries of AIG Commercial Insurance Group, Inc. AIG Commercial Insurance serves a wide range of customers from multinational and middle-market companies to non-profit organizations and small entrepreneurs. Its extensive product offerings include general and excess liability, property, management and professional liability, workers' compensation, accident and health, environmental liability, and integrated global programs for multinational companies. AIG Commercial Insurance also maintains dedicated industry groups to serve the insurance needs of the aviation, construction, education, energy, financial institution, healthcare, marine and real estate sectors.