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AIG CONFIRMS SETTLEMENT WITH STATES ON PRODUCER COMPENSATION AND INSURANCE PLACEMENT PRACTICES

NEW YORK, January 29, 2008 - American International Group, Inc. (AIG) confirmed today that it has reached settlements with nine states and the District of Columbia relating to their respective industry-wide investigations into producer compensation and insurance placement practices.

The settlements call for total payments of \$12.5 million to be allocated among the ten jurisdictions. During the term of the settlement agreements, AIG will continue to maintain certain producer compensation disclosure and ongoing compliance initiatives. AIG will also continue to cooperate with the industry-wide investigations. Under the settlement agreements, AIG denies the allegations and does not admit liability. Nevertheless, to avoid the expense and uncertainty of protracted litigation, AIG agreed to the settlements.

The settlements, which are subject to court approvals, were reached with the Attorneys General of the States of Florida, Hawaii, Maryland, Michigan, Oregon, Texas and West Virginia, the Commonwealths of Massachusetts and Pennsylvania, and the District of Columbia; the Florida Department of Financial Services; and the Florida Office of Insurance Regulation. The agreement with the Texas Attorney General also settles allegations of anticompetitive conduct relating to AIG's relationship with Allied World Assurance Company, and includes an additional settlement payment of \$500,000 related thereto.

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American International Group, Inc. (AIG), a world leader in insurance and financial services, is the leading international insurance organization with operations in more than 130 countries and jurisdictions. AIG companies serve commercial, institutional and individual customers through the most extensive worldwide property-casualty and life insurance networks of any insurer. In addition, AIG companies are leading providers of retirement services, financial services and asset management around the world. AIG's common stock is listed on the New York Stock Exchange, as well as the stock exchanges in Paris and Tokyo.

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