

Contact: Peter Tulupman
Manager of Public Relations
212-770-3141

LEXINGTON INSURANCE COMPANY INTRODUCES TAX CREDIT INSURANCE FOR HISTORIC COMMERCIAL REAL ESTATE

March 21, 2007, NEW YORK – Lexington Insurance Company, a member company of American International Group, Inc. (AIG), today announced Historic Rehabilitation Tax Credit (HRTC) Insurance, a new coverage designed to help protect owners and developers of commercial properties qualifying for federal rehabilitation tax credit against a financial loss if during rehabilitation or after occupancy, the property suffers significant damage from an insured event and such damage results in a reduction in, or recapture of, the tax credit.

Entities that rehabilitate and use historic structures or buildings constructed prior to 1936 for commercial purposes may qualify for significant federal tax credits under Internal Revenue Code Section 47. Large corporations and other businesses with substantial tax liabilities invest in these properties, typically in a limited partnership arrangement with the property developer, in order to achieve these tax credits. Financial exposure through the loss or reduction of the tax credit arises if the property is damaged significantly and as a result, its historical significance diminished. This exposure is typically assumed by the developer as part of the limited partnership agreement at the onset of the venture.

HRTC insurance is designed to help protect owners, developers and tax credit investors against the loss of the rehabilitation tax credit during the full duration of the exposure, through rehabilitation and the first 5-years of occupancy. During the property's rehabilitation phase the coverage is provided as an enhancement to Lexington's builder's risk policy and pays the loss of the scheduled value of the tax credit if an insured event causes property damage and as a result of that damage the amount of tax credit is reduced from the anticipated at the start of the project. After occupancy, HRTC insurance is provided on a standalone basis and pays the full amount of rehabilitation tax credit recaptured by the Internal Revenue Service, up to the limit of the policy, as long as there is underlying property insurance in-force that covers the property damage that in turn jeopardizes the tax credit.

For more information on Historic Rehabilitation Tax Credit Insurance, interested parties should go to www.lexcasts.com to view a Webcast that was conducted by a panel of experts from Nixon Peabody LLP, MacRostie Historic Advisors LLC, NovoGradac & Company LLP, CityScape Capital Group LLC, and Lexington Insurance Company. These experts provide an overview of the Historic Rehabilitation Tax Credit Program and discuss deal structures, rehabilitation plans, investor requirements, new developments, and risk management and insurance strategies to help protect the tax credits.

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To learn more about Historic Rehabilitation Tax Credit Insurance, contact Ed Mazman, Vice President of Property Real Estate, at 617.443. 4660 or Edward.mazman@aig.com, John Tuter, Vice President of Construction Services, at 212.770.2990 or john.tutera@aig.com, or Alexander Fisher, Program Administrator, at 212.588.8330 or Alexander@fishershapiro.com.

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