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## **AIG SUBSIDIARIES REACH AGREEMENT WITH THE OTS**

NEW YORK, June 8, 2007 - American International Group, Inc. (AIG) announced today that, following previously disclosed discussions with the Office of Thrift Supervision (OTS), three of its subsidiaries have agreed to take steps to assist certain non-prime borrowers to remain in their homes despite the difficulties they may be experiencing in meeting their loan payments. As part of a supervisory agreement with the OTS, the three AIG subsidiaries – AIG Federal Savings Bank, American General Finance, Inc. and Wilmington Finance, Inc. – will implement a financial remediation program whose primary objective is to provide affordable loans to certain borrowers facing a high risk of foreclosure. Certain borrowers may qualify for a refund of part of their fees rather than for a new loan. The supervisory agreement pertains to mortgages originated in the name of AIG Federal Savings Bank by Wilmington Finance, Inc. between July 2003 and May 2006.

Separately, AIG will donate a total of \$15 million, over a three-year period, to certain not-for-profit organizations to support their efforts to promote financial literacy and credit counseling.

As indicated in AIG's Form 10-Q for the quarter ended March 31, 2007, a reserve of \$128 million pre-tax was established as of that date to provide for management's best estimate of the expected cost of implementing the program. At this time, AIG estimates that an additional reserve of up to \$50 million, inclusive of the \$15 million donation, will be recorded in the second quarter of 2007.

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American International Group, Inc. (AIG), world leaders 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 London, Paris, Switzerland and Tokyo.

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