

Contact: Nicholas J. Ashooh
212-770-3523

**JOINT STATEMENT FROM THE NEW YORK STATE ATTORNEY GENERAL AND
AMERICAN INTERNATIONAL GROUP**

NEW YORK, October 16, 2008 – New York State Attorney General Andrew M. Cuomo met today with Edward M. Liddy, the new Chairman and Chief Executive Officer of American International Group, Inc. (AIG). In a candid discussion, the Attorney General laid out his serious concerns regarding executive compensation issues and exorbitant expenses at AIG. The meeting in the Attorney General’s New York City Offices occurred one day after Attorney General Cuomo informed AIG that it must recover improper bonuses and other payments and perks from its former executives or Attorney General Cuomo would do so pursuant to New York law.

During the meeting, Mr. Liddy agreed to take several significant actions with respect to expenditures at AIG. First, AIG has agreed to provide the New York Attorney General’s Office with an accounting of all compensation paid to its senior executives and has agreed to assist the Attorney General’s Office in recovering any illegal expenditures. This includes all forms of compensation paid to former CEO Martin Sullivan and the former head of the Financial Products unit, Joseph Cassano.

Second, AIG has agreed to establish a Special Governance Committee within AIG, which will institute new expense management controls. Also, AIG will be issuing today a new Expense Policy Guidebook. These controls and protections will be designed at the Board level to prevent any future unwarranted expenditures, such as salaries, bonuses, stock options, severance payments, gratuities, benefits, junkets and perks. The new controls will include direct supervision by AIG Chief Administrative Officer Richard Booth.

Third, AIG has agreed to take several immediate actions. Effective today, AIG will not make any payments pursuant to the multi-million dollar employment agreement of Steven Bensinger, the company’s Chief Financial Officer, who will be leaving AIG. Attorney General Cuomo has specifically asked AIG not to make payments pursuant to that agreement in light of the Attorney General’s ongoing review of the propriety of such payments.

AIG has also agreed to immediately cancel all junkets or perks which are not strictly justified by legitimate business needs. AIG will be cancelling more than 160 conferences and events, some exceeding more than \$750,000 per event, for a total savings of more than \$80 million. Events being cancelled include:

- A “Best Operator” Conference scheduled in Las Vegas and costing approximately \$750,000;
- A Risk Management Conference scheduled for October 2008 at the Ritz Carlton in Half Moon Bay costing approximately \$500,000;
- A sales conference at Sea Island scheduled for November 2008 costing approximately \$350,000; and

-more-

**Joint Statement from the New York Attorney General and AIG...
October 18, 2008**

Page two

- A meeting in Scottsdale, Arizona scheduled for January 2009 costing approximately \$190,000.

“We’re very grateful for the guidance of Attorney General Cuomo,” said Edward Liddy, AIG’s Chairman and Chief Executive Officer. “We know that the Attorney General shares our commitment to rebuilding AIG’s business and paying back the U.S. taxpayer, and we will address the Attorney General’s concerns expeditiously.”

Attorney General Cuomo added, “These actions are not intended to jeopardize the hard-earned compensation of the vast majority of AIG’s employees, including retention and severance arrangements, who are essential to rebuilding AIG and the economy of New York.”

The Attorney General appreciates Mr. Liddy’s cooperation and acknowledgment that the old ways of doing business at AIG must end now.

The Attorney General will continue to investigate these matters and will work to ensure that taxpayers are protected.

#

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 Ireland and Tokyo.

#