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## **AIG WILL TERMINATE VOLUNTARY DEFERRED COMPENSATION PLANS**

### **Action will return pay earned by employees and agents, discourage departures**

NEW YORK, November 14, 2008 - American International Group, Inc. said today that it is terminating 14 voluntary deferred compensation programs involving 5,600 employees and independent agents and representatives. Approximately \$500 million in earned but deferred pay will be distributed in the first quarter of 2009.

This deferred compensation is all pay that an individual earned but volunteered to defer receiving until a later date. In each case, an employee could leave AIG for any reason and be entitled to this deferred pay.

“AIG has decided to terminate and pay out the deferred pay plans to remove the incentive for employees to leave in order to obtain their deferred pay,” said Andrew Kaslow, Senior Vice President, Human Resources.

“Many AIG employees have seen their life savings wiped out in the financial crisis,” Kaslow said. “Employees are now concerned about obtaining the pay they have earned but deferred so they can pay for retirement, college tuition or other expenses.”

Under the majority of AIG’s deferred pay plans, participants can only access deferred pay when they retire or leave the company. AIG is concerned that employees will leave AIG so they can obtain their deferred pay. This is a concern at a time when AIG is working to maintain the value of its businesses, whether those businesses are to be sold to repay AIG’s Federal Reserve loan or to be continued as part of a restructured AIG.

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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 Ireland and Tokyo.

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