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AIG ADOPTS VOLUNTARY EXECUTIVE COMPENSATION RESTRICTIONS

*CEO Liddy Will Forego Salary Through 2009
New Restrictions Go Beyond TARP Requirements*

NEW YORK, November 25, 2008 -- American International Group, Inc. (AIG) today announced voluntary restrictions on executive compensation that include a \$1 salary for its Chief Executive Officer; no 2008 annual bonuses and no salary increases through 2009 for AIG's top-seven-officer Leadership Group; and no salary increases through 2009 for the 50 next-highest executives, in addition to other bonus, severance and retention award restrictions.

AIG is also developing a funding structure to ensure that no taxpayer dollars are used for annual bonus or future cash performance awards for AIG's "Senior Partners," the top 60 members of management.

Edward M. Liddy, AIG's Chairman and Chief Executive Officer, said AIG's senior executives recognize AIG's obligation to taxpayers. "We are extremely grateful for the assistance we have received, and we know we have an obligation to use that assistance to help AIG recover, contribute to the economy and repay taxpayers," Mr. Liddy said. "This action by the senior management team demonstrates not only that we understand our obligation to taxpayers and shareholders, but also that we are committed to the future success of this organization."

Under the voluntary restrictions announced today:

- Mr. Liddy, who joined AIG on September 18, will receive an annual base salary of \$1 for 2008 and 2009. His initial compensation will consist entirely of equity grants, showing his confidence in AIG and its team. He will not receive an annual bonus in those years, although he may be eligible for a special bonus for extraordinary performance payable in 2010.
- Mr. Liddy will not be eligible for severance payments.

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AIG Adopts Voluntary Executive Compensation Restrictions...

November 25, 2008

Page two

- Paula Rosput Reynolds, Vice Chairman and Chief Restructuring Officer, who joined AIG in October, will receive no salary or bonus whatsoever in 2008. In 2009 and beyond, other than her base salary, any other compensation she receives will be tied directly to the progress of the restructuring efforts.
- The other five members of AIG's top-seven-officer Leadership Group will not receive annual bonuses for 2008 or salary increases through 2009.
- AIG's Senior Partners will not earn long-term performance awards in 2008. Furthermore, they will not receive salary increases in 2009, and their 2008 and 2009 annual bonuses will be limited. In addition to Mr. Liddy foregoing any severance payments, there will be restrictions on severance payments to members of this management group, which exceed TARP severance restrictions.

"We believe these actions demonstrate that we are focused on overcoming our financial challenges so AIG can return value to taxpayers and shareholders," Mr. Liddy said.

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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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