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**AIG ANNOUNCES LAUNCH OF FINANCING ENTITY FOR PURCHASE OF
MULTI-SECTOR COLLATERALIZED DEBT OBLIGATIONS AND
TERMINATION OF CREDIT DEFAULT SWAPS**

Entity Designed to Mitigate AIG's Liquidity Issues from Credit Default Swaps; \$46.1 Billion Notional Amount of CDS Terminated to Date

NEW YORK, December 2, 2008 – American International Group, Inc. (AIG) today announced that a financing entity recently created by the Federal Reserve Bank of New York (FRBNY) and designed to mitigate AIG's liquidity issues in connection with its credit default swaps and similar derivative instruments (CDS) written on multi-sector collateralized debt obligations (CDOs) has been launched. The new entity, which was announced on November 10, is designed to purchase CDOs on which AIG Financial Products Corp. (AIGFP) has written CDS contracts. To date, the new entity has entered into agreements with AIGFP's CDS counterparties to purchase approximately \$53.5 billion principal amount of CDOs. To date, \$46.1 billion principal amount of such CDOs have been purchased, and the associated notional amount of CDS transactions have been terminated in connection with such purchases.

AIG has provided \$5 billion in equity funding, and the FRBNY will provide up to approximately \$30 billion in senior funding to the financing entity, of which approximately \$15.1 billion has been funded to effect purchases of CDOs. The entity will collect cash flows from the assets it owns and pay a distribution to AIG for its equity interest once principal and interest owing to the FRBNY on the senior loan have been paid down in full. Upon payment in full of the FRBNY's senior loan and AIG's equity interest, all remaining amounts received by the entity will be paid 67 percent to the FRBNY and 33 percent to 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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