

AMERICAN INTERNATIONAL GROUP, INC.
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EDWARD M. LIDDY
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER



October 8, 2008

The Honorable Henry M. Paulson, Jr.
Secretary of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretary Paulson:

I am writing to clarify an issue that was discussed at a hearing held yesterday by the House Committee on Oversight and Government Reform. At the hearing, a recent business event held by an AIG subsidiary was mischaracterized as an "Executive Retreat" held right after receiving the \$85 billion loan credit facility from the New York Fed.

The event in question was held by one of AIG's insurance subsidiaries for independent life insurance agents – not for AIG employees – who were top business producers for the company. The vast majority of the attendees were independent business people and their guests, not AIG employees. Indeed, of the more than 100 attendees, only 10 were employees of one of our insurance subsidiaries who attended to represent their company. Not a single corporate executive from AIG headquarters attended.

While this sort of gathering has been standard practice in our industry for many years and was planned many months before the Federal Reserve's loan to AIG, we understand that our company is now facing very different challenges – and that we owe our employees and the American public new standards and approaches. Let me assure you that we are reevaluating the costs of all aspects of our operations in light of the new circumstances in which we are all operating.

Mr. Secretary, I want you to know that AIG is focused on doing what is necessary to address our capital structure, repay the Fed credit facility and emerge as a healthy global insurer. In the meantime, our insurance businesses continue to operate normally and satisfy the needs of our policy holders.

Sincerely,

A handwritten signature in black ink that reads "Edward M. Liddy". The signature is written in a cursive style with a large, sweeping flourish at the end.