

Frequently Asked Questions Regarding Filing of the Form 10-K, Recent News and Ratings Actions

On May 31, American International Group, Inc. (“AIG”) filed its Annual Report on Form 10-K for 2004, which is a significant positive step for AIG. It marks the completion of an extensive internal review that began in March.

Q: What are AIG’s 2004 financial results?

A: AIG earned \$9.72 billion in consolidated net income in 2004. This ranks AIG 8th in profits in the United States among the *Fortune* 500 and 13th in the world among the *Forbes* Global 2000. In addition, AIG’s restated shareholders’ equity is \$80.61 billion, which means we continue to be one of the highest capitalized companies in insurance and any industry. You can refer to the Form 10-K for details of these results.

Q: Are there any new developments on the regulatory front?

A: AIG continues to cooperate to the fullest possible extent with all the regulators and other government officials. In an interview last week, the New York State Attorney General said that AIG’s “cooperation has been superb and remarkable” and that, following the filing of the Form 10-K, AIG will be a “stronger and healthier company.”

Q: When will AIG announce first quarter 2005 earnings?

A: We expect to announce our first quarter 2005 earnings by the end of June.

Q: What shape is AIG in today?

A: Today, AIG remains at the top of the industry. Its fundamental strategic direction is clear and unchanged. AIG is the world’s leading insurance and financial services organization with more than 85 years of experience. We have thriving businesses in virtually all major markets in the world, with more than 55 million customers who rely on the confidence and security that the AIG companies’ products and services provide.

Q: Does AIG remain among the strongest companies?

- A:
- AIG is the world’s leading insurance and financial services organization with more than 85 years of experience.
 - AIG is one of the highest capitalized companies in insurance and any industry.
 - With \$798.66 billion in assets and \$80.61 billion in shareholders’ equity, AIG is the one of the strongest and most stable insurance and financial services organizations in the world.
 - AIG companies have a very strong financial position in the market, which sets us apart from most of the competition.

Q: How does “diversification” play a role in AIG’s financial strength?

A: The diversification of AIG—with its four principal business segments, multiple profit centers and broad geographic presence—is a valuable component of our strength. Taken together with AIG’s capital base of \$798.66 billion in assets and \$80.61 billion in shareholders’ equity, the diversity of our operations contribute to the financial strength on which our customers rely. Our diverse operations also include market leaders. In the United States, we are the largest underwriter of commercial insurance, the largest and most profitable life insurer and the largest issuer of fixed annuities. We are the largest U.S.-based general insurer in Europe, the largest and most profitable general insurance organization and the leading life insurer in Southeast Asia, as well as the number one foreign-owned life insurance operation and top provider of annuities through banks in Japan.

Q: At year-end 2004, AIG took a charge attributable to a change in estimate for asbestos and environmental exposures of \$850 million. Is this a significant issue for AIG?

A: Even after the reserve charge, net asbestos reserves will total \$1.06 billion, or only 2 percent of AIG’s overall net loss reserves. Environmental net reserves will total \$450 million or less than 1 percent of AIG’s overall reserves.

Q: Why is AIG undertaking a third-party actuarial review of its property & casualty loss reserves?

A: We are comfortable that our reserves are reasonable. We are commissioning a third-party review to receive an independent actuarial assessment to help inform our judgments going forward.

Q: Have the ratings agencies taken any new action since the 10-K was filed?

A: Moody’s announced the following actions on May 31:

- Moody’s confirmed American International Group, Inc.’s (AIG) long-term debt (‘Aa2’) and financial strength (‘Aa1’ and ‘Aa2’) ratings and revised the outlook to stable. Only the financial strength ratings of Domestic Brokerage Group (DBG) companies (‘Aa2’) and Transatlantic (‘Aa2’) remain on review. DBG’s ratings remain on review pending the filing of their amended statutory financial statements. Moody’s further noted that it expects that the review of the ratings of DBG will result in either a confirmation of the ratings at ‘Aa2’ or a lowering by one notch (to ‘Aa3’) and that other ratings and outlooks will not be affected.
 - Moody’s noted that **“AIG’s Board has continued to act quickly and aggressively to address both accounting related issues and regulatory investigations through an intensified internal review and associated management changes, as well as recent changes to the composition of the Board of Directors itself.”**
 - Despite recent challenges, Moody’s noted that it believes that **“AIG will continue to distinguish itself as the leading global insurance enterprise, in**

terms of business breadth, consolidated revenues and earnings, and market capitalization.”

- Moody’s further acknowledged **“the excellent market positions and franchise strength that AIG holds in each of its major business segments.”**
- Moody’s also stated that **“AIG’s financial flexibility is supported by its formidable business franchise value, strong and stable earnings capacity, robust internal capital generation, modest holding company leverage, very high fixed-charge coverage and favorable liquidity profile.”**

Standard & Poor’s announced the following action on June 3:

- S&P affirmed its ‘AA+’ counterparty credit and financial strength ratings on most of AIG’s wholly owned subsidiaries and removed them from CreditWatch Negative. S&P lowered its long-term counterparty credit and senior debt ratings on AIG from ‘AA+’ to ‘AA’ and removed them from CreditWatch with negative implications. ILFC’s rating has been removed from CreditWatch and affirmed at ‘AA-’. The outlooks on all of these ratings is negative. AIG’s and IFLC’s short-term rating remains ‘A-1+’. AGF’s ratings are unaffected.

Q: How strong are AIG’s current ratings?

A: They are still among the highest of insurance and financial services organizations throughout the world and continue to compare favorably to most of our competitors.

Q: What are AIG’s ratings as of today?

A: Following is a summary of our current ratings:

- **Moody’s:**
 - AIG’s long-term debt rating is ‘Aa2’ with a stable outlook.
 - AIG American General’s insurers’ financial strength ratings (including AIG Annuity and VALIC) are ‘Aa1’ with stable outlooks.
 - The rest of AIG’s financial strength ratings are ‘Aa2’ with stable outlooks.
 - AIG’s short-term ratings are ‘P-1’ with stable outlooks.
 - The financial strength ratings on the domestic general insurance companies remain on review for possible downgrade pending the filing of their amended statutory financial statements.
 - Transatlantic’s ‘Aa2’ financial strength rating remains under review for possible downgrade.
 - International Lease Finance Corporation (ILFC) and American General Finance, Corp.’s (AGF) ‘A1/Stable/P-1’ were unaffected.
- **Fitch:**
 - AIG, Inc.’s long-term debt ratings are ‘AA’ and its insurers’ financial strength ratings are ‘AA+’, with one exception. 21st Century’s financial strength rating is ‘A+’.
 - ILFC’s long-term debt rating is ‘A+’ and its short-term rating is ‘F1’.
 - AGF’s long-term ratings are ‘A+’ and its short-term rating is ‘F1’.

- All of AIG’s long-term ratings (both debt and financial strength), except for 21st Century, remain on Rating Watch Negative.
- AIG’s short-term ratings are ‘F1+’.
- **Standard & Poor’s:**
 - AIG’s long-term debt rating is ‘AA’ with a negative outlook.
 - AIG’s insurers’ financial strength ratings are ‘AA+’ with a negative outlook (except Transatlantic, 21st Century, AIG Life of Canada, AIG Life of PR and American International Assurance Co., Ltd.)
 - AIG’s short-term ratings are ‘A-1+’.
 - ILFC’s long-term rating is ‘AA-’ with a negative outlook. ILFC’s short-term debt rating is ‘A-1+’.
 - AGF’s ratings are ‘A+/Stable/A-1’.
- **A.M. Best:**
 - The financial strength ratings of most of AIG’s wholly owned insurance subsidiaries are ‘A+’ and are “under review” with negative implications.
 - A.M. Best does not rate AIG, Inc. or its debt.

Q: What are the financial strength ratings for primary insurance carriers involved in the AIG American General Structured Settlement program?

A: As of June 3, 2005

Company	Standard & Poor’s¹	A.M. Best²	Moody’s	Fitch³
American General Life Insurance Company	AA+ ** (Very Strong)	A+ ** (Superior)	Aa1 ** ⁴ (Excellent)	AA+ ** (Very Strong)
American International Life Assurance Company of New York	AA+ ** (Very Strong)	A+ ** (Superior)	Aa1 ** ⁴ (Excellent)	AA+ ** (Very Strong)
AIG Life Insurance Company of Canada	AA *** (Very Strong)	A+ ** (Superior)	Not Rated	Not Rated
AGC Life Insurance Company	Not Rated	A+ ** (Superior)	Not Rated	Not Rated
National Union Fire Insurance Company of Pittsburgh, PA	AA+ ** (Very Strong)	A+ ** (Superior)	Aa2 *** ⁵ (Excellent)	AA+ ** (Very Strong)
American Home Assurance Company	AA+ ** (Very Strong)	A+ ** (Superior)	Aa2 *** ⁵ (Excellent)	AA+ ** (Very Strong)

** Second-highest rating *** Third-highest rating

¹ Standard & Poor’s ratings have a Negative Outlook.

² A.M. Best’s ratings under review with negative implications.

³ Fitch’s ratings are on Rating Watch Negative.

⁴ Moody’s ratings for American General Life and AI Life have a stable outlook.

⁵ Moody’s ratings for National Union Fire and American Home Assurance are on review for possible downgrade.

Q: How are our ratings and regulatory matters impacting AIG's position in the market?

A: There have been some effects, but the business continues to perform well. With \$798.66 billion in assets and \$80.61 billion in shareholders' equity, AIG continues to be one of the highest capitalized insurance and financial services organization in the world.

Q: What impact have they had on AIG's ability to serve clients and pay claims?

A: We believe that the ratings actions will not impede the ability to pay claims and it will not impact our commitment to providing customers with efficient and responsive claims handling.

Q: Will AIG companies continue to offer innovative products and insure difficult risks?

A: Yes. Customers and producers who work with the AIG companies value the fact that they are financially strong, provide some of the largest capacity available in the marketplace and offer the industry's most innovative products, including many specialty and difficult-to-place classes of business. That will not change.

Q: Are American General Life Insurance Company or American International Life Assurance Company of New York required to restate their December 31, 2004 Statutory Statements (a.k.a. "Blue Books")?

A: No. Neither American General Life Insurance Company nor American International Life Assurance Company of New York has to restate its December 31, 2004 statutory statement as filed with the appropriate insurance regulatory authorities on March 1, 2005 (and supplemented with audited statements filed on June 1, 2005).

Q: Do the AIG companies' credit ratings have any negative impact on customers' policies?

A: We have more than sufficient resources to meet policy requirements. As always, the AIG companies intend to stand behind the commitments they have made to customers and the insurance and financial services provided to them.

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