

Wednesday, September 17, 2008

Last night, AIG's Board of Directors approved a transaction with the Federal Reserve Bank of New York to provide a 24-month liquidity facility to AIG in the amount of \$85 billion. Access to this facility will allow the parent company, AIG, to address its immediate liquidity needs, which is clearly a positive development for policyholders, producers, employees and shareholders.

In addition, here are a few more important facts to note:

- In connection with this transaction, the Federal government will receive a 79.9 percent equity interest in AIG.
- AIG Chairman and Chief Executive Officer, Robert Willumstad, has resigned his position with AIG. Edward M. Liddy, former Chairman of the Allstate Corporation, has been named AIG's new Chief Executive Officer.
- Although the New York and Pennsylvania insurance departments were prepared to allow AIG to exchange certain liquid investment holdings of the insurance companies for high-valued, less liquid holdings of the parent company, this transaction was not necessary. The regulators' consideration of this option demonstrates their confidence in the financial strength of AIG's subsidiaries.
- The Federal government's willingness to act highlights AIG's critical role in the global financial markets.
- AIG is a solid company with **over \$1 trillion in assets** and substantial equity which is backed by profitable operating subsidiaries that meet or exceed local regulatory capital requirements.
- AIG Property Casualty Group, which includes AIG Agency Auto, has approximately **\$32 billion\* in policyholder surplus**, as well as invested **assets of approximately \$98 billion\*\***. These assets are protected by law and **cannot be taken from policyholders!**
- AIG Property Casualty Group **has the resources to pay policyholder claims** and will continue to do so. On average, we are paying approximately \$82 million in claims each day.
- AIG Property Casualty Group's **financial strength ratings are excellent** and compare favorably with most major companies.

**AIG Agency Auto continues to write new business.** We remain committed to, and capable of, serving the needs of our producers and policyholders. If you have any questions, please contact your local Agency Auto sales representative.

Thank you for your continued support.

\* As of December 2007

\*\* As of June 2008