



## **AIG Statement in Response to Bernstein Research Report of November 30, 2009**

On November 30, 2009, Bernstein Research issued a report stating that AIG's non-life insurance loss reserves were deficient. Just seven months ago, in April 2009, Bernstein issued a report stating that AIG's reserves were redundant. AIG does not comment on analyst reports. However, to the extent that Bernstein's analysis was based on information from Schedule P to AIG's domestic property casualty insurance company Annual Statutory Financial Statements, AIG included the following cautionary language in Schedule P to such statements with respect to the use of Schedule P data: "It is not possible for any person to accurately determine the adequacy of the Company's loss and loss expense reserves using the Company's Schedule P data as the sole source." AIG also noted that the 2008 calendar year data reported in Schedule P is particularly distorted as a result of the restructuring of certain foreign operations previously conducted as branches of domestic companies.

As also disclosed in such Annual Statements, as well as in AIG's Annual Reports on Form 10-K, reserves for losses and loss expenses are determined on the basis of internal actuarial evaluations, review and consideration of analyses by independent actuaries where deemed appropriate, and other estimates, including historical loss experience. The methods of making such estimates and for establishing the resulting reserves are continually reviewed and updated at least quarterly, and any resulting adjustments are recorded in the current period.