

QUARTERLY HIGHLIGHTS

	3-Months Ended Mar-09 US\$m	3-Months Ended Mar-08 US\$m	3-Months Ended Dec-08 US\$m
General Insurance Operations:			
Net Premium Written	9,967	12,080	9,208
Net Premium Earned	10,487	11,357	10,981
Underwriting Profit (Loss)	(206)	405	(3,194)
Net Investment Income	652	1,205	370
Income before Net Realised Capital Gains (Losses)	446	1,610	(2,824)
Net Realised Capital Gains (Losses)	(447)	(273)	(2,529)
Operating Income (Loss)	(1)	1,337	(5,353)
Loss Ratio	76.6%	70.4%	83.1%
Expense Ratio	25.4%	26.0%	46.0%
Combined Ratio	102.0%	96.4%	129.1%
Other Divisions Operating Income (Loss):			
Life Insurance & Retirement Services Operations	(1,873)	(1,831)	(17,885)
Financial Services Operations	(1,122)	(8,772)	(17,592)
Asset Management Operations	(633)	(1,251)	(6,478)
Other before Net Realised Capital Gains (Losses)	(3,080)	(503)	(11,034)
Other Net Realised Capital Gains (Losses)	732	(265)	(1,122)
Consolidation and Elimination Adjustments	(391)	21	(743)
Loss before Income Tax Benefit	(6,368)	(11,264)	(60,556)
Income Tax Benefit	(1,235)	(3,537)	2,000
Net Loss	(5,133)	(7,727)	(62,556)
Less net Income (Loss) Attributable to Non-Controlling Interests	(780)	78	897
Net Loss Attributable to AIG	(4,353)	(7,805)	(61,659)
Total Investments	610,131	835,602	636,912
Total Assets	819,758	1,049,876	860,418
Total AIG Shareholders' Equity	45,759	78,088	52,710

Source: SEC AIG 10-Q Return

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YEAR END HIGHLIGHTS

	12-Months Ended Dec 31	
	2008 US\$m	2007 US\$m
General Insurance Operations:		
Net Premiums Written	45,234	47,067
Net Premiums Earned	46,222	45,682
Underwriting Profit (Loss)	(4,200)	4,500
Net Investment Income	3,477	6,131
Income (Loss) before Net Realised Capital Gains (Losses)	(723)	10,632
Net Realised Capital Gains (Losses)	(5,023)	(106)
Operating Income (Loss)	(5,746)	10,526
Loss Ratio	76.9	65.6
Expense Ratio	32.2	24.5
Combined Ratio	109.1	90.2
Life Insurance & Retirement Services Operations:		
Premiums and Other Considerations	37,295	33,627
Net Investment Income	10,106	22,341
Income before Net Realised Capital Gains (Losses)	6,901	10,584
Net Realised Capital Gains (Losses)	(44,347)	(2,398)
Operating Income (Loss)	(37,446)	8,186
Financial Services Operations:		
Operating Loss excluding ⁽¹⁾	(40,364)	(8,983)
FAS 133 ⁽²⁾	41	211
Net Realised Capital Gains (Losses)	(498)	(100)
Capital Markets Other-Than-Temporary Impairments	0	(643)
Operating Loss	(40,821)	(9,515)
Asset Management Operations:		
Operating Income (Loss) before Net Realised Capital Gains (Losses)	(429)	2,164
Net Realised Capital Gains (Losses)	(8,758)	(1,000)
Operating Income (Loss)	(9,187)	1,164
Other before Net Realised Capital Gains (Losses)	(13,837)	(1,731)
Other Net Realised Capital Gains (Losses)	(1,218)	(409)
Consolidation and Elimination Adjustments	(506)	722
Income (Loss) before Income Tax Expense (Benefit) and Minority Interest	(108,761)	8,943
Income Tax Expense (Benefit)	(8,374)	1,455
Income (Loss) before Minority Interest	(100,387)	7,488
Minority Interest, after-tax:		
Income (Loss) before Net Realised Capital Gains (Losses)	829	(1,272)
Net Realised Capital Gains (Losses)	269	(16)
Net Income (Loss)	(99,289)	6,200
<small>(1) FAS 133, Net Realised Capital Gains (Losses) and Capital Markets Other-Than-Temporary Impairments</small>		
<small>(2) FAS 133 accounting for derivative instruments and hedging activities</small>		
Total Investments	636,912	829,468
Total Assets	860,418	1,048,361
Total AIG Shareholders' Equity	52,710	95,801

Source: SEC AIG 10-K Return

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OWNERSHIP INFORMATION

American International Group, Inc. is an international insurance organisation with operations in more than 130 countries and jurisdictions. AIG's common stock is listed on the New York Stock Exchange, as well as the stock exchanges in Ireland and Tokyo. On May 29th 2009 the market capitalisation was \$4.5 billion based on a share price of \$1.67.

AIG traces its roots back 90 years when an American entrepreneur named C.V. Starr founded AIG's earliest predecessor company in Shanghai. What began as a small insurance business grew to become one of the world's largest companies. By early 2007 AIG had assets of \$1 trillion, \$110 billion in revenues, 74 million customers and 116,000 employees. Yet just 18 months later, AIG found itself on the brink of failure and in need of emergency government financial assistance.

RECENT EVENTS

On March 2nd 2009, AIG released details of the largest quarterly loss in US corporate history with a fourth quarter 2008 loss of \$61.7 billion and full year 2008 loss of \$99.3 billion. Following on from this, the company recorded a loss of \$4.4 billion in March 2009, the sixth consecutive quarterly loss. AIG's first quarter 2009 net loss resulted primarily from a number of restructuring and market disruption-related charges and accounting charges related to taxes. The link to the March 2009 earnings release is as follows: <http://ir.aigcorporate.com/phoenix.zhtml?c=76115&p=irol-financialreports>

Highlights Include:

- Net loss for the first quarter of 2009 of \$4.35 billion or \$1.98 per diluted share, compared to a net loss of \$7.81 billion or \$3.09 per diluted share in the first quarter of 2008. First quarter 2009 adjusted net loss, excluding net realised capital gains (losses) and FAS 133 gains (losses), net of tax, was \$1.60 billion, compared to an adjusted net loss of \$3.56 billion in the first quarter of 2008.
- Included in the above market disruption-related losses of \$2.5 billion pre-tax (\$1.6 billion after tax)
- Property/Casualty combined ratio of 102% (Q1 2008: 96.4%)
- Property/Casualty net premium drop of 17.5%

Following on from this on May 21st AIG announced that Edward Liddy, the current CEO and Chairman, would be resigning as soon as successors could be found. Liddy recommended to the AIG Board that going forward the role of Chairman and CEO be separated, with which they concurred. Liddy publicly stated that..."we have noted repeatedly, our (AIG's) pace of success will depend on global economic conditions and financial markets. It is likely to take several years. AIG should have a leadership team committed to a similar time horizon and prepared to carry the plan to completion." Liddy had been appointed at the Government's behest in September 2008 as a "Czar" to oversee restructuring as the AIG crisis was unfolding.

AIG's losses have been primarily driven by the AIG Financial Products Division (AIGFP) and the circumstances have been well documented. In September 2008, when it was clear that AIG would not be able to find a private sector solution to its funding and liquidity requirements the US Government, via the Federal Reserve Bank of New York, stepped in to offer financial assistance, since AIG was deemed too important to fail. The financial assistance, which has been amended and increased in various increments, takes various forms and currently amounts to circa \$180 billion. By way of compensation the Government receives a circa 80% shareholding in AIG.

In March 2009, details of the government backed re-structuring plan, with rating agency endorsement, designed to enhance the company's capital and liquidity in order to facilitate the orderly completion of the company's global divestiture program was announced. A key tenet of the re-structuring plan is to establish a separate holding company for the group's main general insurance operations. This is discussed in more detail below.

The main components of the restructured deal were as follows:

Preferred Equity

The U.S. Treasury will exchange its existing \$40 billion cumulative perpetual preferred shares for new preferred shares with revised terms that more closely resemble common equity and thus improve the quality of AIG's equity and its financial leverage. The new terms will provide for non-cumulative dividends and limit AIG's ability to redeem the preferred stock except with the proceeds from the issuance of equity capital.

Equity Capital Commitment

The Treasury Department will create a new equity capital facility, which allows AIG to draw down up to \$30 billion as needed over time in exchange for non-cumulative preferred stock to the U.S. Treasury. This facility will further strengthen AIG's capital levels and improve its leverage.

The Federal Reserve will take several actions relating to the \$60 billion Revolving Credit Facility for AIG established by the Federal Reserve Bank of New York (New York Fed) in September 2008, to further the goals described above.

Repayment by Preferred Stock Interests

The Revolving Credit Facility will be reduced in exchange for preferred interests in two special purpose vehicles created to hold all of the outstanding common stock of American Life Insurance Company (ALICO) and American International Assurance Company Ltd. (AIA), two life insurance holding company subsidiaries of AIG. AIG will retain control of ALICO and AIA, though the New York Fed will have certain governance rights to protect its interests. The valuation for the New York Fed's preferred stock interests, which may be up to approximately \$26 billion, will be a percentage of the fair market value of ALICO and AIA based on valuations acceptable to the New York Fed.

AIG to Form AIU Holdings, Inc., a Global Property Casualty Holding Company for Its General Insurance Businesses

The company intends to form a General Insurance holding company, including its Commercial Insurance Group, Foreign General unit, and other property and casualty operations, to be called AIU Holdings, Inc., with a board of directors, management team and brand distinct from AIG. The establishment of AIU Holdings, Inc. will assist AIG in preparing for the potential sale of a minority stake in the business, which ultimately may include a public offering of shares, depending on market conditions. On April 21, 2009, AIG announced an acceleration of steps to position AIU Holdings as a distinct brand by transferring it to a special purpose vehicle (SPV) in preparation for the potential sale of a minority stake (currently thought to be 20%) in the business, which ultimately may include a public offering of shares, depending on market conditions. AIG also announced that it intends to purchase the equity interests in International Lease Finance Corporation, United Guaranty Corporation, and Transatlantic Holdings, Inc., from AIU Holdings.

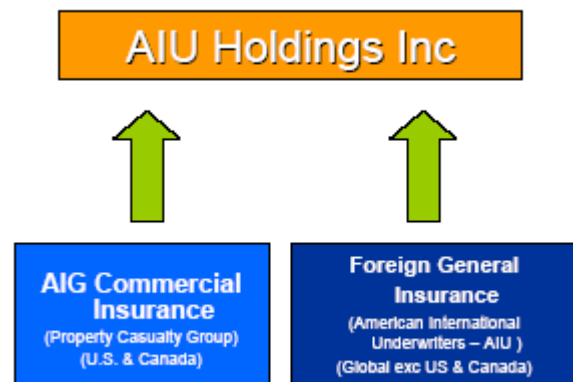


Chart source: AIG

Securitisation of Life Insurance Cash Flows

The New York Fed is authorised to make new loans under section 13(3) of the Federal Reserve Act of up to an aggregate amount of approximately \$8.5 billion to special purpose vehicles (SPVs) established by domestic life insurance subsidiaries of AIG. The SPVs would repay the loans from the net cash flows they receive from designated blocks of existing life insurance policies held by the parent insurance companies. The proceeds of the New York Fed loans would pay down an equivalent amount of outstanding debt under the Revolving Credit Facility. The amounts lent, the size of the haircuts taken by the New York Fed, and other terms of the loans would be determined based on valuations acceptable to the New York Fed.

Restructuring of Other Terms

After the transactions described above, the total amount available under the Facility will be reduced from \$60 billion to no less than \$25 billion. In addition, the interest rate on the Facility, which is three-month LIBOR plus 300 basis points, will be modified by removing the existing floor (3.5 percent) on the LIBOR rate. The Facility will continue to be secured by a lien on a substantial portion of AIG's assets, including the businesses AIG plans to retain. The other material terms of the Facility remain unchanged.

Issuance of Preferred Stock

As required by the credit agreement governing the Revolving Credit Facility, AIG has agreed to issue on March 4, 2009, shares of convertible preferred stock representing an approximately 77.9% equity interest in AIG to an independent trust for the sole benefit of the United States Treasury.

AIG must be in compliance with the executive compensation and corporate governance requirements of Section 111 of the Emergency Economic Stabilisation Act, including the most stringent limitations on executive compensation as required under the newest amendments to the Emergency Economic Stabilization Act. Additionally, AIG must continue to maintain and enforce newly adopted restrictions put in place by the new management on corporate expenses and lobbying as well as corporate governance requirements.

The deal was endorsed by the main rating agencies which removed the immediate threat of further downgrades.

ACTIONS TAKEN SINCE THE ANNOUNCEMENT OF MARCH 2ND

Since the announcements of March 2nd AIG has taken the following actions to improve its capital structure, execute on an orderly asset divestiture plan, protect and enhance the value of its key businesses, and position these franchises for the future as more independently run, transparent companies:

- The U.S. Department of the Treasury (U.S. Treasury) exchanged its shares of AIG's Series D Fixed Rate Cumulative Perpetual Preferred Stock for shares of AIG's Series E Fixed Rate Non-Cumulative Perpetual Preferred Stock, on April 17, 2009. Dividends on the Series E Preferred Stock are payable on a non-cumulative basis. Additionally, AIG entered into a replacement capital covenant that requires AIG to replace the Series E Preferred Stock with qualifying equity replacement capital securities if the company repays or redeems the Series E Preferred Stock.
- The U.S. Treasury provided AIG with a new five-year equity capital facility, which provides access to up to \$29.835 billion of available funds to AIG under the terms of the purchase agreement for shares of Series F Fixed Rate Non-Cumulative Perpetual Preferred Stock. In connection with the establishment of this facility, AIG issued to U.S. Treasury a warrant to purchase 3,000 shares of AIG's common stock.
- The Federal Reserve Bank of New York (FRBNY) Credit Agreement was amended to remove the minimum 3.5 percent LIBOR floor as of April 17, 2009. AIG Financial Products Corp.
- Since December 31, 2007, the notional amount on AIGFP's derivative portfolio has been reduced by more than 40 percent from approximately \$2.7 trillion at December 31, 2007 to approximately \$1.5 trillion at March 31, 2009.
- AIGFP reduced the number of trade positions in its portfolio to approximately 28,000 at March 31, 2009, down 20 percent from approximately 35,000 as of December 31, 2008.

Completed Asset Sales:

- AIG PhilAm Savings Bank, PhilAm Auto Financing and Leasing, and PFL Holdings to EastWest Banking Corporation for \$43 million, on March 12, 2009.
- Hartford Steam Boiler (HSB) to the Munich Re Group for \$739 million, plus the assumption of \$76 million of outstanding HSB capital securities, on March 31, 2009.
- AIG Life Insurance Company of Canada to BMO Financial Group for \$263 million, on April 1, 2009.
- AIG Retail Bank Public Company Limited and its credit card operation, AIG Card (Thailand) Company Limited, in Thailand to Bank of Ayudhya Public Company Limited for approximately \$45 million, plus the repayment of intra-group indebtedness of approximately \$495 million, on April 8, 2009.
- AIG Private Bank Ltd. (AIG Private Bank) to a subsidiary of Aabar Investments PJSC (Aabar), a global investment company based in Abu Dhabi, for approximately \$253 million for the entire share capital of AIG Private Bank. Aabar also purchased and assumed approximately \$55 million of intra-company loans outstanding to AIG Private Bank, on April 16, 2009.
- Deutsche Versicherungs-und Rückversicherungs-Aktiengesellschaft (Darag), a German general insurance subsidiary of AIG affiliate Württembergische und Badische Versicherungs-AG (WüBa) in Germany, to Augur for approximately \$26 million on April 24, 2009.
- On May 11, 2009 AIG announced an agreement to sell its prime real estate holding in Tokyo for approximately \$1.2 billion in cash to Nippon Life Insurance Company. The property consists of approximately one acre of land on which The AIG Otemachi Building in Tokyo is situated. Consummation of the deal was announced on May 28, 2009.

Asset Sales Agreements:

- On April 16, 2009, AIG announced an agreement to sell 21st Century Insurance Group, to the Farmers Group, Inc. (FGI), a subsidiary of Zurich Financial Services. Under the terms of the transaction, FGI will pay AIG \$1.9 billion, consisting of \$1.5 billion in cash and \$400 million in face amount of subordinated, euro-denominated capital notes backed by Zurich Insurance Company, Zurich's principal operating unit. FGI will also assume 21st Century's outstanding debt of \$100 million.
- On May 28, 2009 AIG announced that Transatlantic Holdings, Inc. (NYSE: TRH) has filed a preliminary prospectus supplement with the U.S. Securities and Exchange Commission with respect to the proposed public offering of 26 million shares of TRH common stock owned by AIG and its subsidiaries in an underwritten offering. The underwriters will have a 30-day option to purchase up to an additional 15 percent of the offered amount of TRH common stock from AIG and its subsidiaries. TRH will not sell any shares in the offering. AIG and its subsidiaries currently own approximately 39.1 million shares of TRH common stock, or approximately 59 percent of the outstanding shares. Following the offering, AIG and its subsidiaries will own approximately 19.7 percent of the outstanding shares, or 13.9 percent if the underwriters' option is fully exercised.

Divestiture of Asian Life business:

American International Group, Inc. (AIG) announced on May 18, 2009 that it will accelerate steps to position American International Assurance Company, Ltd. (AIA Group) as an independent entity and seek a public listing on an Asian stock exchange for the AIA Group, depending on market conditions and subject to regulatory approval. This public listing of the AIA Group is a significant step in the process that was announced by AIG on March 2 and will result in a board of directors and management team for the AIA Group separate from AIG.

"We continue to consider all strategic options through a robust, structured and disciplined process. At this stage, we believe that a public listing for AIA would be in the best interests of all stakeholders, including U.S. taxpayers, policyholders, employees and distribution partners," said Edward Liddy, Chairman and Chief Executive Officer of AIG.

Mark Wilson, President and Chief Executive Officer of the AIA Group said, "Today's announcement represents a clear and formal roadmap for our independence. We now have clarity on AIA's structure and future. AIA is a leading company in Asia with more than 20 million customers, 250,000 agents, assets of more than US\$60 billion and a broad network of distribution partners, as well as a deep heritage and strong brand presence in Asia. Our ability to weather the economic turbulence demonstrates the strength of our operations, confidence of our customers, and support of our distribution partners."

AIG has undertaken a request for proposal (RFP) process to select global coordinators and book runners for the initial public offering (IPO). This process will be managed by The Blackstone Group, AIG's global financial advisor for its restructuring program and IPO Advisor for the AIA Group transaction.

The AIA Group has branch offices, subsidiaries and affiliates located in jurisdictions including Australia, Brunei, China, Hong Kong, India, Indonesia, Macau, Malaysia, New Zealand, Singapore, South Korea, Thailand and Vietnam. Subject to regulatory approvals, AIG intends to incorporate the Philam Group of Companies, based in the Philippines, and ALICO Taiwan into the AIA Group.

The AIA Group is a leading life insurance organisation in Asia with a unique heritage of serving the world's most dynamic region for 90 years. It provides consumers and businesses with products and services for life insurance, retirement planning, accident and health insurance as well as wealth management solutions. Through an extensive network of 250,000 agents and 20,000 employees across 13 geographical markets, the AIA Group serves over 20 million customers in the region.

According to press reports on Bloomberg.com, AIA, which includes most of AIG's life business in Asia, has an embedded value of about \$20 billion, a person familiar with AIG's since-abandoned plans to sell the unit to private investors said in February. Embedded value estimates a company's net worth excluding new business.

Other Information:

On March 15, AIG published details of the counterparties to its CDS, GIA and Securities Lending contracts. The details can be accessed via the link below:

http://www.aig.com/aigweb/internet/en/files/CounterpartyAttachments031809_tcm385-155645.pdf

Soon to be retiring AIG Chairman and Chief Executive Officer Edward Liddy delivered the following remarks regarding AIG at a hearing held by a subcommittee of the U.S. House of Representatives on March 18:

<http://phx.corporate-ir.net/phoenix.zhtml?c=76115&p=irol-newsArticle&ID=1267430&highlight=>

At the same hearing, details of how the public money has been utilised were made available:

http://www.aig.com/aigweb/internet/en/files/EML_Congress3_17_2009_addendum_tcm385-155689.pdf

STATE REGULATION OF INSURANCE COMPANIES

The AIG insurance companies are regulated by state law and their affairs overseen by state insurance commissioners. Those laws are designed in part to assure that regulated insurance companies are operated on a financially sound basis and their assets are protected from the financial problems of non-insurance affiliates. The insurance company subsidiaries are not subject to federal bankruptcy laws, as would be AIG and its non-insurance company subsidiaries. If AIG were to be the subject of federal insolvency proceedings, the reach of a debtor-in-possession or federal receiver would not extend to the assets of the AIG insurance company subsidiaries. All states have enacted insurance holding company statutes which authorise insurance departments to regulate the inter-company transactions involving insurance companies within holding company structures. The various state statutes are generally patterned on the Model Act adopted by the National Association of Insurance Commissioners Holding Company Regulatory Act.

These statutes provide state insurance departments with the regulatory power and responsibility to ensure that the assets of insurance companies are held separate from the other entities within the holding company system. AIG cannot legally enter into any material transaction with its insurance company subsidiaries, without the approval of the state insurance regulators. For example, approval is required for inter-company reinsurance, loans, management contracts, asset sales, swaps, or other similar transactions. The assets of the insurance business are maintained to support the insurance business underwritten by those companies and may not be hypothecated or inter-mingled with the assets of any non-insurance affiliates.

Source: Albert B Lewis - D'Amato & Lynch, LLP Attorneys New York

RATINGS INFORMATION SUMMARY

STANDARD & POOR'S:

Long-Term Counterparty Credit Rating	A-	2 March 2009	Negative Outlook
Insurer Financial Strength Rating (main subsidiaries)	A+	2 March 2009	Negative Outlook

On March 2, 2009, Standard & Poor's affirmed its supported 'A-/A-1' counterparty credit rating on American International Group Inc. (NYSE:AIG) and its 'A+' counterparty credit and financial strength ratings on AIG's insurance subsidiaries. At the same time, Standard & Poor's removed all of these ratings from CreditWatch, where they were placed on Nov. 8, 2008, with negative implications. The outlook is negative. The ratings on International Lease Finance Corp. (ILFC; BBB+/Watch Dev/A-2) remain on CreditWatch developing pending a planned sale of the company.

The affirmation primarily reflects S&P's view that the U.S. Treasury and the Federal Reserve will continue their financial support of and ongoing commitment to AIG as the revised recapitalisation the company announced improves its capital adequacy by making available more equity capital and reduces pressure on debt holders. The ratings reflect a combination of the extraordinary external support from the U.S. government in light of AIG's status as a highly systemically important financial institution. S&P expects this support to be ongoing during AIG's period of stress. The ratings are also based on the stand-alone insurance subsidiaries' 'A+' credit characteristics. The long-term counterparty credit rating on AIG reflects a six-notch uplift from AIG's stand-alone credit profile.

The affirmation follows the announcement by AIG of a revised recapitalisation plan. Through a combination of actions, AIG will reduce its obligations under the current \$60 billion lending facility from the Federal Reserve Bank of NY (FRBNY). S&P expects that this will provide the company with the flexibility to continue its asset-disposition plan at a more measured pace. As a result, its debt-to-capital will be substantially reduced. The U.S. Treasury will provide AIG with a new five-year standby equity capital facility, which will allow AIG to raise up to \$30 billion of capital by issuing preferred shares to the U.S. Treasury from time to time as needed. If AIG fully uses this facility, the U.S. Treasury will have contributed \$70 billion to the company through the issuance of preferred shares. The federal government's total financial commitment to AIG, including asset purchases by FRBNY-funded special-purpose entities, will total approximately \$155 billion.

Although in S&P's view the actions of the U.S. government have largely eliminated the risks of further rapid deterioration in the company's creditworthiness, intermediate-term concerns about the company's ability to retain key staff and market profitable new business remain. AIG expects that the planned sale of the life operations, which S&P believes likely, will take longer than originally planned, partly because of the lack of liquidity in the capital markets. As a result of these medium-term risks, the outlook is negative.

For the quarter ended Dec. 31, 2008, AIG reported a pre-tax net loss of \$60.6 billion. Excluding a large number of unusual items, of which \$50.6 billion were noncash items, core fundamental operating earnings were \$2.6 billion, down compared with \$5.3 billion for the prior year. Drivers behind the reduced operating earnings included deferred acquisition cost unlocking in the U.S. retirement business (equity-related), reduced partnership income versus prior periods, catastrophe losses, and a small amount of prior-year adverse reserve development versus favourable development in 2007.

Although their unfavourable underlying performance was mostly unexpected, S&P continues to believe AIG's insurance operations are very strong given their diverse competitive position, with the largest global property/casualty and life insurance businesses in the world. S&P consider operating insurance earnings, albeit pressured, to be strong and diversified. Following the 2008 investment losses, S&P considers capitalisation to be within the low 'A' range. Although future losses are possible given current market conditions, S&P believes the U.S. government's actions have eliminated material exposures, such as the guarantees on the multi-sector CDO portfolio and securities lending asset/liability mismatch.

The negative outlook reflects S&P's view that increased pressure on the performance of AIG's insurance businesses is likely. S&P believe AIG is particularly susceptible to these broader market trends given its somewhat weakened position. Although at this point S&P has not seen clear evidence of long-term damage to AIG's franchise, there have been widespread reports that competitors are actively pursuing AIG's accounts and key underwriting personnel. If those losses are significant and threaten future business prospects, S&P could lower the ratings, though likely by no more than two notches. If AIG's business were to stabilise and government support continues, S&P would consider revising the outlook to stable.

Source: Standard & Poor's ClassicDirect

1. On April 16, 2009, Standard & Poor's placed its 'A+' counterparty credit and financial strength ratings on American International Group Inc.'s (AIG) personal-lines focused subsidiaries on CreditWatch with negative implications. At the same time, Standard & Poor's also placed its 'A-' counterparty credit rating on 21st Century Insurance Group on CreditWatch negative. S&P took these rating actions in response to AIG's announced agreement to sell 21st Century Insurance Group and AIG's wholly owned subsidiaries active in the U.S. personal auto insurance business to Farmers Group Inc. (FGI; AA-/Negative/--), a subsidiary of Zurich Financial Services Group. The transaction is subject to satisfaction of certain conditions, including approvals by appropriate regulatory authorities.

2. On April 22, 2009, Standard & Poor's said that its ratings on American International Group Inc. (AIG; A-/Negative/A-1) and its insurance subsidiaries (A+/Negative/--) are not affected by AIG's announcement that it will transfer AIU Holdings Inc. to a special purpose vehicle and that it will purchase AIU's equity interests in certain AIG affiliates. These affiliates include International Lease Finance Corp. (ILFC; BBB+/Watch Neg/A-2), Transatlantic Holdings Inc. (BBB+/Stable/--), and United Guaranty Corp. (UGC; insurance subsidiaries are rated BBB+/Negative/--).

Standard & Poor's views these transactions as a positive development resulting in materially bolstered capital adequacy and enhanced quality of capital commensurate with the ratings on AIU's core commercial insurance group and foreign general property/casualty subsidiaries. This does not affect the ratings on AIG, but, S&P believes it does give a slight boost to the company's financial flexibility by improving its ability to facilitate noncore asset sales and accelerate its plans to offer to the public equity in the newly restructured AIU Holdings Inc.

In addition, the ratings on ILFC and Transatlantic are not affected because of S&P's continued belief that the companies are not core operations of AIG. These companies are therefore rated on a stand-alone basis. The rating on ILFC also reflects S&P's view of near-term liquidity support from the parent. UGC's subsidiaries, recently downgraded to 'BBB+', are considered strategically important to AIG, and the ratings reflect S&P's opinion of explicit support from AIG in the form of a support agreement. S&P believes the announced transactions should streamline the capital structure between AIG and UGC and will have no effect on the ratings on UGC's subsidiaries.

Notwithstanding the positive benefits of these transactions, the current ratings and outlook on AIG continue to reflect S&P's intermediate-term concerns about AIG's ability to retain key staff and underwrite profitable insurance business, specifically within its commercial and life insurance segments, in the face of a recession, volatile capital markets, and soft pricing for commercial insurance expected over the next 12 months.

A.M. BEST:

Issuer Credit Rating	BBB	2 March 2009	Negative
Best's Rating	A	2 March 2009	Negative

A.M. Best Co. has commented that all financial strength ratings and issuer credit ratings are unchanged for American International Group, Inc. (AIG) (New York, NY) and its subsidiaries. The rating outlooks remain negative.

This comment takes into consideration the record loss of \$61.7 billion posted by AIG in fourth quarter 2008 and the continued and steadfast financial support provided by the Federal Reserve Bank of New York (FRBNY) and the United States Department of the Treasury which, under a revised plan, provides AIG with additional capital and liquidity to enhance its capital structure, provide liquidity and assist in the divestiture of assets.

Some of the main features of the revised plan include a new equity commitment to AIG from the U.S. Treasury of \$30 billion, modified (equity-like) terms of AIG's Series D preferred equity, in-kind repayment of its senior secured lending facility with the FRBNY, securitisations, elimination of the LIBOR floor in its existing senior secured lending facility with the FRBNY and continued access to the remaining FRBNY facility.

A.M. Best's decision to leave the ratings unchanged at this time reflects the continued commitment of the U.S. Government to support AIG's financial position, demonstrated by the new and revised plans announced today. Despite the continued financial support of the government, the negative rating outlook reflects A.M. Best's concern regarding the billions of remaining notional exposure at the AIG Financial Products unit and the negative implications and challenges associated with AIG's "core" franchise, including the recent and potential employee turnover, continued market acceptance in the commercial casualty sector and the inherent competitive pressures brought on by professional insurance brokers and risk managers alike. Management believes plans to ultimately spin off a portion of AIG's core franchise property/casualty business should help to alleviate these concerns. In addition, a potential initial public offering of AIA and ALICO is being reviewed as an alternative path to monetisation of these assets. The domestic life and retirement savings subsidiaries continue to face pressures as operating results are expected to erode from prior levels as a result of poor equity market performance, spread compression and lower sales. Additionally, overall distribution for the domestic life and retirement services has tempered due to various factors associated with the risks and reputation of the overall franchise.

A.M. Best expects to finalise its annual review of AIG's statutory operating companies in the coming months. While AIG's secure rating is heavily weighted on the financial support provided by the U.S. Government, A.M. Best's review of AIG's operating entities goes beyond the government's involvement and its ability to stabilise AIG and protect the interests of policyholders. A.M. Best's view of AIG's financial flexibility and the fungibility of capital across the organisation, as well as the adequacy of capital at the operating unit level, will need to be reflected in the rating evaluation of AIG's operating subsidiaries. In addition, trends in operating performance and business profile are further considerations that are a part of A.M. Best's published rating methodology. Deterioration in those areas may lead to a downgrade in the financial strength ratings and the issuer credit rating of the holding company. While the ratings may be downgraded, it is unlikely that the financial strength ratings assigned to the key operating companies will be downgraded below A- (Excellent) so long as the full commitment of the U. S. Government supporting AIG remains.

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OTHER AGENCIES**MOODY'S:**

Holding Company		
Senior Unsecured Debt Rating	A3	2 March 2009

Insurance Companies

The insurance holding companies hold various ratings. The major commercial lines insurance companies are rated Aa3 (negative). AIG UK is rated A1 (negative). Moody's last commented on 22 April 2009 to say that the various ratings were unaltered by the aforementioned AIG/AIU transactions.

FITCH:

Holding Company		
Long Term Issuer Default Rating	BBB	15 May 2009

Insurance Companies

The major commercial lines insurance companies are rated A+. They were downgraded on May 15 2009 from AA-. Fitch said: "The downgrade in the property/casualty subsidiaries' IFS ratings to 'A+' from 'AA-' is based on a perceived decline in their competitive positioning derived from the organisation's financial difficulties, along with the effect this stress is likely to have on AIG's near-to-mid-term operating results.