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James Shea
Managing Director

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Dear Colleague

On Feb 28 Standard & Poors' (S&P) announced that Chartis' rating was lowered one notch to "A" from A+. We do not believe that this reflects a concern about Chartis' long-term financial strength and stability, but rather S&P's view that the group will not be able "to outperform the industry over the next one to two years".

S&P makes a number of comments in its press release; it describes Chartis as having "a formidable competitive global presence" and it goes on to say "The 'A' ratings on the Chartis subsidiaries reflect our opinion of the group's strong and diverse competitive profile, strong capital adequacy, and strong though diminished operating performance.... we believe that a combination of underwriting initiatives and a continued shift toward lower-volatility business lines will support future profitability...". These observations are positive and indicate their confidence in Chartis over the longer term.

In addition S&P state in their press release that Chartis is "strategically important" to AIG but not "core". This statement refers to S&P's methodology and terminology and does not in any way alter AIG's strategic view that Chartis is a core business and a key part of its current and future franchise value.

Additional information about our recent reserve strengthening and Q 4 results can be found on AIG's site at:

<http://www.aigcorporate.com/index.html>

I hope you found this update useful and we look forward to working with you in the future.

Yours sincerely

A handwritten signature in black ink, appearing to read "James Shea". The signature is fluid and cursive, with a large loop at the end.

James Shea