

## Commercial Insurance / AIU Holdings

March 2, 2009

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### Commercial Insurance

- Given the economic environment, market conditions and AIG's ongoing issues, Commercial Insurance performed well in 2008. As reported in AIG's earnings announcement, Commercial Insurance recorded \$4.4 billion in net premiums written in the fourth quarter and \$21.1 billion for the full year.
- Most notably, statutory policyholder surplus increased by 1.1 percent in the fourth quarter and remains greater than all of our US peers. Surplus has grown 50 percent from December 31, 2005 to December 31, 2008.
- CI companies hold more than \$69 billion in invested assets, 74 percent of which is invested in municipal bonds. Structured investment products represent approximately three percent of invested assets.
- The financial strength ratings of Commercial Insurance remain "Excellent" and were affirmed by AM Best, S&P, Moody's and Fitch on March 2, 2009.

### AIU Holdings, Inc.

- AIG announced its intention 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.
- The formation of AIU Holdings, Inc. will help position the property casualty companies for the future as more independently run, transparent companies.
- 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.
- AIU Holdings will have a board of directors and management team distinct from AIG.
- Kristian P. Moor, President and Chief Executive Officer, AIG Property Casualty Group, will be President, AIU Holdings, Inc. Nicholas C. Walsh, President and Chief Executive Officer, American International Underwriters, will be Vice Chairman, AIU Holdings, Inc. A chairman will be named at a later date.
- John Q. Doyle, President and Chief Executive Officer, AIG Commercial Insurance, will assist in the formation of AIU Holdings, Inc. by assuming additional responsibility for the Domestic Personal Lines Division.
- When formed, AIU Holdings will be a leading franchise with more than 44,000 employees and 500 products and services serving 40 million commercial and individual customers in 130 countries and jurisdictions.
- The companies comprising AIU Holdings, Inc. had approximately \$43 billion in equity at December 31, 2008.
- This is an exciting development for the employees, business partners and customers of AIU Holdings, Inc. It will include well-capitalized businesses that hold substantial liquidity and have not required capital funded through AIG's agreement with the U.S. government to support its financial strength.