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November 25, 2008

Attorney General Andrew Cuomo
120 Broadway
New York, NY 10271

Dear Attorney General Cuomo:

I am writing in response to your letter of November 18, 2008 on the subject of AIG's executive compensation practices.

AIG is extremely grateful for the support it has received from American taxpayers. We recognize the obligation we have to use that support to help AIG recover, contribute to the economy and repay taxpayers. To that end, AIG is taking a number of voluntary actions with respect to executive compensation.

AIG is mindful that it must act prudently and, as such, must impose curbs on executive compensation. It is also important to have fair and reasonable incentives to retain the staff needed to facilitate the divestiture of certain businesses and maximize the value of the company for the benefit of the taxpayers and its shareholders. To meet these objectives, AIG's top seven executives (Leadership Group) will receive no annual bonuses for 2008. In addition, the top roughly 60 executives (Senior Partners) including the seven most senior AIG executives, will forego any salary increase through 2009 and their 2008 and 2009 bonuses will be restricted.

AIG has also decided to implement a number of additional restrictions on executive compensation that extend to the Senior Partners. These additional restrictions, which are designed to be more limiting than those required under TARP, are outlined in the press release that accompanies this letter.

Finally, AIG is developing a funding structure to ensure that no taxpayer dollars are used for annual bonus or future cash performance awards for the top 60 members of management.

We believe that these actions demonstrate AIG's understanding of the depth of its obligation to the taxpayer and confirm its commitment to transparency of its disclosures.

Sincerely,

A handwritten signature in black ink that reads "Edward M. Luddy". The signature is written in a cursive style with a large, sweeping flourish at the end.