



AIG Seize the Future

March 13, 2009

Dear Colleagues:

With government support has come scrutiny about all of AIG's activities and questions about why the government came to the aid of AIG. The answer can be found in a systemic risk report prepared by AIG for the Federal Reserve and U.S. Treasury. In summary, people and institutions around the world depend on the promise represented by an AIG commitment. Here are some examples:

- AIG is the world's largest property-casualty insurer and insures 94% of the Fortune 500 companies. In the U.S., AIG is the leading underwriter of D&O, Professional Liability, Workers' Compensation and many other lines. We are the largest foreign-owned insurance franchise in Japan, China, Hong Kong, Korea, Thailand and largest U.S. based insurer in Europe.
- AIG's life insurance network is the biggest in the world. We're the largest life insurance provider in Southeast Asia, the Middle East, Hong Kong, the Philippines, Singapore, Thailand and elsewhere. In Japan, we are the top foreign life insurer, and in the U.S., we are number one in term life and ordinary life.
- AIG is the largest issuer of fixed annuities in the U.S., and the leading provider of retirement savings for primary and secondary school teachers and healthcare workers.
- AIG is the largest owner of airplanes in the world and the largest customer of Boeing and General Electric's Aircraft Maintenance Division, among others.
- AIG is the largest investor in corporate bonds in the U.S. and among the top five institutional asset managers in the world.

If AIG were to fail, the impact on our customers and counterparties around the world would undermine an already unsettled global financial system. The cascading effect would quickly overwhelm many seemingly unrelated institutions.

We've made significant progress in reducing AIG's risk exposure. At AIG Financial Products the total notional exposure of derivative transactions has declined from a total of about \$2.7 trillion early last year to about \$1.6 trillion today. The size of the super senior multi-sector credit default swap portfolio has been reduced to about \$12.5 billion from about \$78 billion and the total super senior credit default swap portfolio has been reduced to about \$302 billion from about \$533 billion. In addition, AIGFP has negotiated the sale of several of its assets, and that process continues.

Our goal in this restructuring is to address AIG's financial challenges and help our individual companies compete successfully. Let's not forget the tremendous value that our businesses bring to our customers, communities and the economy as a whole. We are all doing important work, even though our efforts are not appreciated in today's environment. Thank you for everything you do.

Sincerely,

To send a comment or question to Ed Liddy, send an email to CEOinbox@aig.com. You can access an archive of letters from Ed Liddy and news and announcements related to AIG's restructuring and divestiture efforts by visiting [the Seize the Future section of AIG Today](#).

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