

March 2, 2009

Research Update:

**American International Group
Ratings Removed From CreditWatch
Negative And Affirmed; Outlook
Negative**

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Rationale

On March 2, 2009, Standard & Poor's Ratings Services 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 our view that the U.S. Treasury and the Federal Reserve will continue their financial support of and ongoing commitment to AIG as the revised recapitalization the company announced today 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. We expect 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 today's announcement by AIG of a revised recapitalization 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). We expect 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 our 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 we believe 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 pretax 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 favorable development in 2007.

Although their unfavorable underlying performance was mostly unexpected, we continue 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. We consider operating insurance earnings, albeit pressured, to be strong and diversified. Following the 2008 investment losses, we consider capitalization to be within the low 'A' range. Although future losses are possible given current market conditions, we believe 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.

Outlook

The negative outlook reflects our view that increased pressure on the performance of AIG's insurance businesses is likely. We believe AIG is particularly susceptible to these broader market trends given its somewhat weakened position. Although at this point we have 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, we could lower the ratings, though likely by no more than two notches. If AIG's business were to stabilize and government support continues, we would consider revising the outlook to stable.

Ratings List

Ratings Affirmed

	To	From
American International Group Inc. AIG Financial Products Corp. Counterparty Credit Rating	A-/Negative/A-1	A-/Watch Neg/A-1
American International Group Inc. Commercial Paper Local Currency	A-1	A-1/Watch Neg
21st Century Casualty Co. Variable Annuity Life Insurance Co. United States Life Insurance Co. in the City of New York First Sunamerica Life Insurance Co.		

American Life Insurance Co. (DE)
 American General Life Insurance Co.
 AIG Life Insurance Co.
 AIG Annuity Insurance Co.
 21st Century Insurance Co. of the Southwest
 21st Century Insurance Co.
 Counterparty Credit Rating
 Local Currency A+/Negative/-- A+/Watch Dev/--

21st Century Casualty Co.
 Variable Annuity Life Insurance Co.
 United States Life Insurance Co. in the City of New York
 First Sunamerica Life Insurance Co.
 First American Czech Insurance Co. A.S.
 American Life Insurance Co. (DE)
 American International Life Assurance Co. of New York
 American International Assurance Co (Australia) Ltd.
 American General Life Insurance Co.
 American General Life & Accident Insurance Co.

ALICO Japan
 AIG SunAmerica Life Assurance Co.
 AIG Life Insurance Co.
 AIG Annuity Insurance Co.
 AHICO First American-Hungarian Insurance Co
 21st Century Insurance Co. of the Southwest
 21st Century Insurance Co.
 Financial Strength Rating
 Local Currency A+/Negative/-- A+/Watch Dev/--

21st Century Insurance Group
 Counterparty Credit Rating A-/Negative/-- A-/Watch Dev/--

AIG Advantage Insurance Co.
 New Hampshire Insurance Co. Thailand
 New Hampshire Insurance Co. Hong Kong
 New Hampshire Insurance Co.
 New Hampshire Indemnity Co. Inc.
 National Union Fire Insurance Co. of Pittsburgh, PA
 Lexington Insurance Co.
 Landmark Insurance Co.
 Insurance Co. of the State of Pennsylvania
 Illinois National Insurance Co.
 Granite State Insurance Co.
 Commerce & Industry Insurance Co.
 Audubon Insurance Co.
 American International Specialty Lines Insurance Co.
 American International South Insurance Co.
 American International Pacific Insurance Co.
 American International Insurance Co. of PR
 American International Insurance Co. of New Jersey

American International Insurance Co. of California
American International Insurance Co.
American Home Korea
American Home Japan
American Home Assurance Singapore
American Home Assurance Malaysia
American Home Assurance Hong Kong
American Home Assurance Co. (New Zealand Branch)
American Home Assurance Co.
AIU Japan
AIU Insurance Co.
AIG U.K. Ltd.
AIG Premier Insurance Co.
AIG Preferred Insurance Co.
AIG Ireland Ltd.
AIG Indemnity Insurance Co.
AIG Hawaii Insurance Co. Inc.
AIG Excess Liability Insurance International Limited
AIG Excess Liability Insurance Company Ltd.
AIG Europe S.A.
AIG Europe (Netherlands) N.V.
AIG Edison Life Insurance Co.
AIG Centennial Insurance Co.
AIG Casualty Co.
Financial Strength Rating
Local Currency A+/Negative/-- A+/Watch Neg/--

AIG Casualty Co.
New Hampshire Insurance Co. Thailand
New Hampshire Insurance Co. Hong Kong
New Hampshire Insurance Co.
Lexington Insurance Co.
Insurance Co. of the State of Pennsylvania
Illinois National Insurance Co.
Granite State Insurance Co.
Commerce & Industry Insurance Co.
American International Specialty Lines Insurance Co.
American International South Insurance Co.
American International Pacific Insurance Co.
American Home Assurance Singapore
American Home Assurance Malaysia
American Home Assurance Hong Kong
American Home Assurance Co.
AIU Insurance Co.
AIG U.K. Ltd.
Counterparty Credit Rating
Local Currency A+/Negative/-- A+/Watch Neg/--

AIG Funding Inc.
Counterparty Credit Rating

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Local Currency	--/--/A-1	A-1/Watch Neg
AIG General Insurance (Taiwan) Co. Ltd.		
Counterparty Credit Rating		
Local Currency	twAA+/Negative/--	twAA+/Watch Neg/--
Financial Strength Rating		
Local Currency	A/Negative/--	A/Watch Neg/--
AIG Life Holdings (US) Inc.		
Counterparty Credit Rating		
Local Currency	A-/Negative/NR	A-/Watch Dev/NR
AIG Life Insurance Co.		
Financial Enhancement Rating		
Local Currency	A+/--	A+/Watch Dev/--
AIG Life Insurance Co. of Canada		
Financial Strength Rating		
Local Currency	A+/Watch Neg/--	A+/Watch Dev/--
AIG Liquidity Corp.		
Counterparty Credit Rating		
Local Currency	--/--/A-1	A-1/Watch Dev
Financial Program		
Local Currency	--/--/A-1	A-1/Watch Dev
AIG Matched Funding Corp.		
Counterparty Credit Rating		
Local Currency	A-/Negative/A-1	A-/Watch Neg/A-1
AIG Matched Funding Corp. Banque AIG		
Financial Program		
Local Currency	A/--	A-/Watch Neg/--
AIG SunAmerica Life Assurance Co. SunAmerica Life Insurance Co.		
Counterparty Credit Rating		
Local Currency	A+/Negative/A-1	A+/Watch Dev/A-1
AIG United Guaranty Insurance (Asia) Ltd.		
Financial Strength Rating		
Local Currency	A-/Negative/--	A-/Watch Neg/--
AIG-FP Matched Funding Corp. Banque AIG		
Counterparty Credit Rating		
Local Currency	A-/Negative/--	A-/Watch Neg/--
American General Assignment Services Trust		

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Counterparty Credit Rating		
Local Currency	A-/Negative/--	A-/Watch Dev/--
American International Assurance Co. (Bermuda) Ltd.		
American International Assurance Co. Ltd.		
Counterparty Credit Rating		
Local Currency	A+/Developing/--	A+/Watch Dev/--
American International Assurance Co. (Bermuda) Ltd.		
American International Assurance Co. Ltd.		
American International Assurance Co. (Bermuda) Ltd. - Korea Branch		
American International Assurance Co. (Bermuda) Ltd. (New Zealand Branch)		
Financial Strength Rating		
Local Currency	A+/Developing/--	A+/Watch Dev/--
American International Specialty Lines Insurance Co.		
Lexington Insurance Co.		
Financial Enhancement Rating		
Local Currency	A+/--	A+/Watch Neg/--
National Union Fire Insurance Co. of Pittsburgh, PA		
Counterparty Credit Rating		
Local Currency	A+/Negative/A-1	A+/Watch Neg/A-1
SunAmerica Life Insurance Co.		
Financial Strength Rating		
Local Currency	A+/Negative/A-1	A+/Watch Dev/A-1
American International Group Inc.		
Senior Unsecured (62 issues)	A-	A-/Watch Neg
Junior Subordinated (9 issues)	BBB	BBB/Watch Neg
21st Century Insurance Group		
Senior Unsecured (1 issue)	A-	A-/Watch Dev
AIG Financial Products Corp.		
Senior Unsecured (1 issue)	A-	A-/Watch Neg
AIG Funding Inc.		
Commercial Paper (1 issue)	A-1	A-1/Watch Neg
AIG Life Holdings (US) Inc.		
Senior Unsecured (3 issues)	A-	A-/Watch Neg
AIG Matched Funding Corp.		
Senior Unsecured (1 issue)	A-	A-/Watch Neg
AIG SunAmerica Global Financing VI		
Senior Secured (2 issues)	A+	A+/Watch Neg

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AIG SunAmerica Global Financing X Senior Secured (2 issues)	A+	A+/Watch Neg
AIG SunAmerica Life Assurance Co. Senior Secured (5 issues)	A+	A+/Watch Dev
Senior Unsecured (1 issue)	A+	A+/Watch Dev
AIG-FP Capital Funding Corp. Senior Unsecured (14 issues)	A-	A-/Watch Neg
AIG-FP Matched Funding (Ireland) PLC Senior Unsecured (7 issues)	A-	A-/Watch Neg
AIG-FP Matched Funding Corp. Senior Unsecured (219 issues)	A-	A-/Watch Neg
ASIF Global Financing XIX Senior Secured (1 issue)	A+	A+/Watch Neg
Subordinated (1 issue)	A+	A+/Watch Neg
ASIF I Senior Secured (1 issue)	A+	A+/Watch Neg
ASIF II Senior Secured (25 issues)	A+	A+/Watch Neg
ASIF III (Jersey) Ltd. Senior Secured (13 issues)	A+	A+/Watch Neg
American General Capital II Preferred Stock (1 issue)	B	B/Watch Neg
American General Institutional Capital A Preferred Stock (1 issue)	B	B/Watch Neg
American General Institutional Capital B Preferred Stock (1 issue)	B	B/Watch Neg
Banque AIG Senior Unsecured (26 issues)	A-	A-/Watch Neg
First Sunamerica Life Insurance Co. Senior Secured (1 issue)	A+	A+/Watch Dev
Senior Unsecured (1 issue)	A+	A+/Watch Dev
Hartford Steam Capital Trust I Preferred Stock (1 issue)	B	B/Watch Neg

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