

## **TALKING POINTS RE: ABC STORY ON AMC EVENT**

We are extremely disappointed that ABC News chose to ignore the facts in favor of a sensationalized storyline.

Here are the facts:

- On October 10, AIG CEO Edward Liddy issued a directive to all AIG employees and subsidiaries to reduce expenses and preserve cash, including cancelling any nonessential conferences or meetings, unnecessary travel, excessive overhead and inefficient processes.
- This directive was accompanied by a letter from AIG's Chief Administrative Officer, outlining several steps to carefully control AIG's expenses.
- In the wake of that directive, we have closely scrutinized every single dollar to ensure all costs are absolutely necessary to our business.
- We have cancelled more than 160 conferences, meetings and other events in that timeframe.
- In fact, AIG has the second-lowest expense ratio measured against 15 peers (FY07).
- At the same time, as any organization in America will confirm, there are meetings that are in fact necessary to our business. Like every other insurance business in America, we need to continue engaging independent advisors, brokers and others who help sell our products.
- This event – which cost AIG less than \$25,000 – engaged over 150 independent financial planners in education seminars where they receive continuing education credits.
- To ensure consistency with our new expense control policies, AIG Advisor Group conducted a top to bottom review of all meeting expenses to validate that only expenses required to ensure the meeting's success are incurred.
- AIG Advisor Group's success in enlisting product sponsors to pay for the vast majority of conference expenses, while charging financial planners a registration fee and for their travel, resulted in minimal cost to AIG.
- To insinuate that this event was an “executive boondoggle” is utterly ridiculous.

### **Facts Re: AIG's New Expense Control Policies:**

- On October 10, Edward Liddy initiated a thorough review of all company expenditures, company events and other nonessential business activities.
- In the wake of that directive, AIG has taken several measures to control expenses, further align the Company with the interests of US taxpayers and ultimately become a more focused and competitive enterprise.
- As a result of an AIG investigation into the hunting event held in England in early October, the hunt participants affiliated with AIG and management chain of command responsible for the event have been ordered to reimburse AIG immediately for all expenses associated with this event.
- Disciplinary action was taken against AIG employees who exhibited poor judgment in association with this event.
- The company has instituted several new expense control measures, in close coordination with New York Attorney General Cuomo, including:
  - A “zero-tolerance” policy for willful violations of AIG’s new expense management policies.
  - A new expense policy manual targeting nonessential business expenses. The company has updated its policies related to business expenses such as events and travel. In addition the company has posted an executive summary of the manual to ([www.aig.com](http://www.aig.com)) to ensure full transparency.
  - In further response to the St Regis event, the 10 AIG subsidiary employees that attended the conference have been asked to reimburse the company for any personal expenses incurred.

### **Facts Re: AMC Event**

- Nearly 150 financial planners, who operate their own independent businesses and are not AIG employees, participated in the event. Financial planners who attended the meeting represent 23% of total AIG Advisor Group revenue as of September 30, 2008.
- The purpose of the Asset Management Conference is to ensure that independent financial planners receive the knowledge, skills, and training required to meet the evolving needs of their clients. This meeting is designed to introduce new investment products and technology tools that support the growth of an advisor’s business.
- AIG Advisor Group takes very seriously our commitment to aggressively manage meeting costs in the current environment. Their success in enlisting product sponsors

to pay for the vast majority of conference expenses, while charging financial planners a registration fee and for their travel expenses, has resulted in minimal cost to AIG.

- Eighteen participating product sponsor firms underwrote \$320,000 of the total meeting cost of \$343,000. The company's portion of the total meeting costs is under \$25,000. Additionally, financial planners who attended were responsible for their travel-related expenses, registration fee (\$199), and guest registration fee (\$250).
- AMC attendees were eligible to fulfill Continuing Education (CE) credits required to earn industry designations and certifications. These include 9.5 hours of CE credits toward Certified Financial Planner<sup>®</sup> (CFP) certification, and 9.0 hours of CE credits toward three Investment Management Consultants Association (IMCA) designations.
- Consistent with that review, the company determined that the appearance of Terry Bradshaw as a guest speaker was not required. Although costs related to his appearance were to be paid by a product sponsor, his appearance was cancelled.
- AIG Advisor Group's decision to eliminate signage from the event reflects their desire to minimize cost and to avoid even the appearance of spending money unnecessarily. They also do not want to distract from the product sponsors who are responsible for underwriting the majority of the meeting's costs.

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