

## **BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP ANNOUNCES FILING OF CLASS ACTION SUIT AGAINST AIG AND CERTAIN OF ITS SENIOR OFFICERS AND DIRECTORS**

NEW YORK, N.Y. (Marketwire) May 22, 2008 -- Bernstein Litowitz Berger & Grossmann LLP ("BLB&G") today announced that it filed a class action lawsuit in the United States District Court for the Southern District of New York on behalf of its client Jacksonville Police and Fire Pension Fund ("Jacksonville Police & Fire") and purchasers of the securities of American International Group, Inc. ("AIG" or the "Company") (NYSE: AIG) during the period from May 11, 2007 through May 9, 2008 (the "Class Period"). The case is captioned *Jacksonville Police and Fire Pension Fund v. American International Group, Inc., et al.*, Case No., 08-CV-4772.

The Complaint alleges that during the Class Period, AIG and the individual defendants, Chief Executive Officer Martin J. Sullivan, Executive Vice President and Chief Financial Officer Steven J. Bensinger, Senior Vice President and Chief Risk Officer Robert Lewis and Joseph Cassano, the former head of AIG subsidiary American International Group Financial Products ("AIGFP"), violated the federal securities laws by issuing false and misleading press releases, financial statements, filings with the SEC and statements during investor conference calls. The Complaint alleges that, throughout the Class Period, Defendants repeatedly reassured investors that AIG had successfully insulated itself from the recent turmoil in the housing and credit markets due to its superior risk management. In particular, defendants touted the security of AIGFP's "super senior" credit default swap ("CDS") portfolio, making numerous statements that this portfolio was secure and that AIG's method for accounting for the valuations of this portfolio accurately reflected its value.

Investors began to learn the truth regarding AIG's financial condition and the Company's exposure to the mortgage market when, on February 11, 2008, the Company disclosed that its outside auditor had determined that there was "material weakness in its internal control" over the financial reporting and oversight relating specifically to its accounting for the CDS portfolio, and that the Company was revising the loss valuations it previously reported. Under the new valuations, losses on the CDS portfolio more than quadrupled – from the \$1.4 billion reported on the CDS portfolio just weeks before to over \$4.5 billion. Two weeks later, on February 28, 2008, AIG disclosed that the market valuations on the CDS portfolio would increase to \$11.5 billion and revealed for the first time that the Company had notional exposure of \$6.5 billion in liquidity puts written on collateralized debt obligations ("CDOs") linked to the sub-prime mortgage market. Finally, on May 8, 2008, the Company disclosed that market valuation losses on the CDS portfolio for the quarter climbed an additional \$9.1 billion, for a cumulative loss of \$20.6 billion, and that the Company was expecting actual losses on the portfolio to be about \$2.4 billion. As a result of these disclosures, the price of AIG stock plunged from a Class Period high of \$75.24 per share on June 5, 2008, to \$38.37 per share on May 12, 2008, wiping out tens of billions of dollars in shareholder value and causing damage to the class.

The Complaint alleges that the Defendants violated Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder and that Defendants Sullivan and Bensinger violated Section 20(a) of the Exchange Act.

If you wish to serve as lead plaintiff, you must move the Court no later than 60 days from May 22, 2008. Accordingly, the deadline for filing a motion for appointment as lead plaintiff is July 21, 2008. If you wish to discuss this action or have any questions concerning this notice or your rights or interests, please contact Plaintiff's counsel, Gerald H. Silk or Salvatore J. Graziano of BLB&G at 212-554-1400, or via e-mail at [jerry@blbglaw.com](mailto:jerry@blbglaw.com) or [sgraziano@blbglaw.com](mailto:sgraziano@blbglaw.com), respectively. You can view a copy of the Complaint as filed online at <http://www.blbglaw.com>. Any member of the class may move the Court to serve as lead plaintiff through counsel of their choice, or may choose to do nothing and remain a member of the proposed class.

Plaintiff Jacksonville Police & Fire is represented by BLB&G, a firm of 50 attorneys with offices in New York, California, Louisiana and New Jersey, which has extensive expertise in prosecuting investor class actions involving financial fraud. Since its founding in 1983, BLB&G has built an international reputation for excellence and integrity. Specializing in securities fraud, corporate governance, shareholders' rights, employment discrimination and civil rights litigation, among other practice areas, BLB&G prosecutes class and private actions on behalf of institutional and individual clients worldwide. Unique among its peers, BLB&G has obtained six of the ten largest and most significant securities recoveries in history, recovering nearly \$20 billion on behalf of defrauded investors.

The AIG action has been investigated and is being prosecuted by BLB&G's subprime litigation group, which is also representing investors in class and derivative subprime related actions against Washington Mutual, Inc., American Home Mortgage Investment Corp., New Century Financial Corporation, Countrywide Financial Corporation and State Street, among others. More information about Bernstein Litowitz Berger & Grossmann LLP can be found online at [www.blbglaw.com](http://www.blbglaw.com).

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SOURCE: Bernstein Litowitz Berger & Grossmann LLP