

**PRESS RELEASE**Zug, October 2<sup>nd</sup>, 2006**AIG Private Equity Ltd invested over CHF 120 million in third quarter 2006**

AIG Private Equity Ltd (the "Company") announced today that it has made substantial investments in the third quarter 2006 after raising CHF 150 million at the end of the second quarter through a capital increase. The Company added four new direct investments to its portfolio, investing a total CHF 10 million. Draw downs from the current fund portfolio amounted to approximately CHF 63 million for the quarter. At the end of the quarter the Company invested a total EUR 30 million in MV Leveraged Finance Limited. Two thirds were invested in the debt tranche and one third in the equity of the transaction. The investment presented an attractive opportunity to invest proceeds from the capital increase in a mature portfolio of mezzanine investments. The assets comprised in the portfolio are predominantly of European mezzanine loans with a book value of approximately €700 million. The Company anticipates receiving substantial distributions from this investment over the next two to three years as the underlying mezzanine loans are repaid.

The Company recorded good exit activity in the third quarter from the funds portfolio. Additionally, a number of exits have been publicly announced in the press that are not yet reflected in the NAV. Examples are United Biscuits, which was sold by The Second Cinven Fund, Casema, a Dutch cable company, which was sold by two of the Companies portfolio funds, Firth Rixson, which was recapitalized by Carlyle, and N.E.W. Customer Service Companies, which was sold by TH Lee Putnam. Private equity activity continues to be high in both the United States and Europe and the Company expects additional portfolio activity in the fourth quarter.

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AIG Private Equity Ltd. is a Swiss investment company with an objective to achieve long-term capital growth for shareholders by investing in a diversified portfolio of private equity funds and privately held operating companies. The same team that manages private equity investments for American International Group, Inc. acts as investment advisor for AIG Private Equity Ltd. With seven years of operating history in a variety of market conditions, AIG Private Equity Ltd. has a solid track record and a mature portfolio of funds and direct investments. AIG Private Equity Ltd. is listed on the SWX Swiss Exchange under the ticker symbol "APEN".

This press release constitutes neither an offer to sell securities nor the solicitation of an offer to purchase or subscribe for securities, and is not a prospectus or similar communication in connection with an offering or listing of securities as defined in Articles 652a and 1156 of the Swiss Code of Obligation and the listing rules of the SWX Swiss Exchange. Furthermore, this press release and the information contained herein shall neither actively be distributed or transmitted to the United States of America (U.S.A.), nor be allocated or transmitted to (i) US persons (including legal entities), or (ii) media with a nationwide distribution in the U.S.A. Each violation of these restrictions can result in a non-compliance with US securities law. In addition, any active distribution of this press release or the information contained herein outside of Switzerland shall be carried out in compliance with the relevant national law(s) (see the selling restrictions in the relevant Offering Circular and Listing Prospectus for further details).

Finally, investing in investment companies involves specific risks. Any potential investor shall consult carefully the respective Offering Prospectus and the risk factors and investment considerations set forth therein prior to any investment in AIG Private Equity Ltd.

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