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**AIG REPAYS APPROXIMATELY \$6.9 BILLION
TO UNITED STATES TREASURY,
REDUCING GOVERNMENT'S INTERESTS IN AIG**

**ALICO SPV LIQUIDATION PREFERENCE PAID DOWN IN FULL,
AIA SPV BALANCE REDUCED TO APPROXIMATELY \$11.3 BILLION
AFTER CLOSING SALE OF METLIFE EQUITY SECURITIES**

AIG PAYS GOVERNMENT APPROXIMATELY \$36 BILLION IN 2011

TAXPAYERS CLOSER TO RECOUPING INVESTMENT IN AIG

NEW YORK, March 8, 2011 – American International Group, Inc. (AIG) announced today that it had paid in full the liquidation preference and accrued return on one of the special purpose vehicles (“SPVs”) created as part of the government’s assistance to AIG and made a substantial payment on the preferred interests in another SPV.

AIG’s payments to the U.S. Department of the Treasury (“Treasury”) came after AIG closed Tuesday on the previously announced sale of all MetLife, Inc. (“MetLife”) equity securities AIG received when it sold American Life Insurance Company (“ALICO”) to MetLife last year. The aggregate proceeds of the sale, before expenses, were approximately \$9.6 billion. Existing agreements with MetLife relating to the ALICO sale require that \$3 billion of that amount to be placed into escrow as substitute collateral for the MetLife common equity units sold.

In addition, approximately \$300 million previously held for costs and expenses by the ALICO SPV has been paid to the Treasury, bringing the total amount of funds paid today to the Treasury to \$6.9 billion.

As a result of the sale of the MetLife equity securities today, the total amount of proceeds, before expenses, which AIG received from the sale of ALICO to MetLife was approximately \$16.8 billion.

AIG tendered to the Treasury approximately \$1.4 billion to repay in full the liquidation preference and accrued return of the preferred interests held by Treasury in ALICO Holdings LLC (“the ALICO SPV”) and paid approximately \$5.5 billion to Treasury to reduce the preferred interests in AIA Aurora LLC (“the AIA SPV”), reducing the amount owed by AIG to the Treasury for the remaining liquidation preference Treasury holds in the AIA SPV to approximately \$11.3 billion.

“We will continue to take all the right steps to ensure that America’s taxpayers recoup in full their investment in AIG,” said AIG President and Chief Executive Officer Robert H. Benmosche. “Thanks to the hard work of AIG’s employees, we have made extraordinary progress, which I am confident we will continue.”

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AIG Repays Approximately \$6.9 Billion to United States Treasury, Reducing Government's Interests in AIG

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The non-controlling, nonvoting, callable, preferred equity interests in the AIA and ALICO SPVs (the "Preferred Interests") were created by AIG and the Federal Reserve Bank of New York ("FRBNY") on December 1, 2009, in exchange for a \$25 billion reduction of the balance outstanding and the maximum credit available under the original \$85 billion credit facility (the "FRBNY Credit Facility") provided by the FRBNY to AIG in September 2008. The original liquidation preference for the ALICO SPV was \$9 billion. The original liquidation preference for the AIA SPV was \$16 billion.

On September 30, 2010, AIG announced a recapitalization plan that included the orderly exit of the government's interests in the AIA and ALICO SPVs. Under that plan, on January 14, 2011, AIG used a portion of the funds from the initial public offering of AIA and sale of ALICO and funds available under the Troubled Asset Relief Program to retire or purchase an equal amount of the Preferred Interests and transferred the unretired Preferred Interests to the Treasury. AIG also agreed it would apply proceeds from future asset monetizations, including the MetLife equity securities, to repay the Preferred Interests.

The money paid today is the fourth major payment to the government in 2011 and brings the total repaid in 2011 to approximately \$36 billion:

- On January 14, 2011, with the closing of AIG's recapitalization plan, AIG repaid the FRBNY a total of \$20.7 billion which was the outstanding balance on the FRBNY Credit Facility, which was then terminated.
- As part of the recapitalization plan, AIG also paid approximately \$6.1 billion to repay a portion of the liquidation preference and accrued return of the ALICO SPV.
- AIG reduced the SPV balances further in February when AIG paid the Treasury approximately \$2.2 billion from the sale of AIG Star Life Insurance Co., Ltd. and AIG Edison Life Insurance Company, which closed on February 1.
- On March 8, AIG paid the Treasury approximately \$6.9 billion as described above in respect of the ALICO SPV and the AIA SPV.

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect AIG's current views with respect to future events and are based on assumptions and are subject to risks and uncertainties. Except for AIG's ongoing obligation to disclose material information as required by federal securities laws, it does not intend to provide an update concerning any future revisions to any forward-looking statements to reflect events or circumstances occurring after the date hereof.

American International Group, Inc. (AIG) is a leading international insurance organization serving customers in more than 130 countries. AIG companies serve commercial, institutional and individual customers through one of the most extensive worldwide property-casualty networks of any insurer. In addition, AIG companies are leading providers of life insurance and retirement services in the United States. AIG common stock is listed on the New York Stock Exchange, as well as the stock exchanges in Ireland and Tokyo.

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