



Contact: Mark Herr
News Media
(O): 212-770-3505
(C): 718-685-9348

Joe Reali
Investment Community
(O): 212-770-7074

AIG ANNOUNCES SATISFACTION OF CONDITION TO ISSUANCE OF WARRANTS VIA DIVIDEND

RECAPITALIZATION MILESTONES EXPECTED TO BE COMPLETED

Federal Reserve Bank of New York To Be Fully Repaid

U.S. Treasury Department Holdings to Be Exchanged For AIG Common Stock

U.S. Treasury Department to Exit Ownership Stake in AIG Over Time

AIG Poised to Emerge As Financially Strong Company

NEW YORK, January 12, 2011 – American International Group, Inc. (NYSE: AIG) announced today that the condition to its previously announced dividend of approximately 75 million warrants has been satisfied. AIG also expects, assuming no material change in the relevant facts, circumstances and conditions, to close its previously announced recapitalization on January 14, 2011, although there can be no assurance in that regard.

The warrants will be distributed on January 19, 2011, to AIG’s common shareholders of record as of January 13, 2011. Each warrant entitles the holder to purchase one share of AIG common stock, par value \$2.50 per share (AIG common stock), at \$45 per share.

“With today’s announcement, we anticipate that we will be able to deliver on our promise to the American people to repay the extraordinary assistance they provided to AIG during the financial crisis of 2008,” said Robert H. Benmosche, AIG President and Chief Executive Officer. “We remain grateful for their support of AIG, and we remain convinced that the American people will realize a profit on their investment in our company.”

“AIG is positioned as strong and worthy of investor confidence, with one of the largest, most diversified property and casualty companies in the world, a leading U.S. life insurance and retirement savings operation, and other businesses that are well positioned to deliver long-term value to all of our stakeholders,” Mr. Benmosche said.

--more--

AIG Announces Satisfaction of Condition to Issuance of Warrants via Dividend; Recapitalization Milestones Expected to be Completed

January 12, 2011

Page two

The warrant dividend, which was declared by the Board of Directors of AIG on January 6, 2011, was subject to the condition that AIG, the U.S. Department of the Treasury (Treasury Department), the Federal Reserve Bank of New York (FRBNY), and the AIG Credit Facility Trust (the Trust) each determined as of the close of business on January 12, 2011, that it expected (assuming there is no material change in the relevant facts, circumstances, and conditions on or before January 14, 2011) that the recapitalization will close on January 14, 2011. Although this condition to the warrant issuance has been satisfied, the recapitalization itself remains subject to closing conditions and there can be no assurance that facts, circumstances, or conditions will not change in a manner that would preclude the closing of the recapitalization on January 14, 2011.

If the conditions to closing the recapitalization are satisfied on January 14, 2011, AIG expects on that date to:

- 1. Repay and Terminate the FRBNY Credit Facility with AIG:** AIG will apply proceeds from various asset sales to repay the FRBNY approximately \$21 billion in senior secured debt under the FRBNY credit facility and terminate the FRBNY senior secured credit facility. The repayment and termination of the FRBNY senior secured credit facility will result in an approximately \$3.6 billion charge in the first quarter of 2011, representing the remaining balance of the prepaid commitment fee asset.
- 2. Facilitate the Orderly Exit of the U.S. Government's Interests in Two Special Purpose Vehicles (SPVs):** AIG will apply certain proceeds from asset sales to retire a portion of the FRBNY's preferred interests in an AIG-related SPV (the ALICO SPV) that holds MetLife, Inc. securities received from the sale of American Life Insurance Company. AIG will also draw approximately \$20 billion of previously undrawn Series F funds available to the company under the Troubled Asset Relief Program (TARP) to purchase the remainder of the FRBNY's preferred interests in the ALICO SPV and all of the FRBNY's preferred interests in the AIG-related SPV that holds approximately 33 percent of the ordinary shares of AIA Group Limited. After completing these purchases, AIG will then transfer the purchased preferred interests to the Treasury Department in consideration for retiring an equal amount of liquidation preference of the Series F preferred shares.
- 3. Retire AIG's Outstanding Preferred Shares:** AIG will exchange 1.655 billion shares of AIG common stock for the \$49.1 billion of TARP Series E and Series F preferred shares and the Series C preferred shares held by the Trust on behalf of the U.S. Treasury. After these exchanges are completed and the Trust transfers its shares of AIG common stock to the Treasury Department, the Treasury Department will own approximately 92 percent of the common stock of AIG, as well as new Series G preferred shares, pursuant to which AIG may draw funds for general corporate purposes. AIG expects that over time the Treasury Department will sell its shares of AIG Common Stock subject to market conditions.

The Warrant Details:

Trading on the NYSE: AIG has applied to have the warrants listed on the New York Stock Exchange under the ticker symbol "AIG WS" and anticipates that the warrants will begin trading on the NYSE on a "when issued" basis on January 13, 2011. AIG has been advised by the NYSE that from January 11 through January 19, 2011 AIG common stock will trade with "due bills" attached, and that AIG common stock will begin trading regular way, ex-dividend, on January 20, 2011, the date following the distribution of the warrants. Due bills are essentially an assignment from a seller of common stock to a buyer of the right to receive the dividend.

--more--

**AIG Announces Satisfaction of Condition to Issuance of Warrants via Dividend;
Recapitalization Milestones Expected to be Completed**

January 12, 2011

Page three

Available Information: AIG will issue the warrants pursuant to a warrant agreement between AIG and Wells Fargo Bank, N.A., as warrant agent. Copies of the warrant agreement may be obtained at no charge from Wells Fargo Bank, N.A., at 888-899-8293 in the U.S. (toll-free) or 651-450-4064 outside the U. S. The warrant agreement is attached as an exhibit to AIG's Current Report on Form 8-K filed January 7, 2011 which contains a summary of the terms of the warrants and other important information. Additional information on the recapitalization is included in AIG's Current Report on Form 8-K filed December 8, 2010.

Certain statements in this press release, including in particular the contemplated closing date for the recapitalization, AIG's position after the recapitalization and the timing of sales of AIG common stock by the Treasury Department, constitute forward-looking statements. These statements are not historical facts but instead represent only AIG's belief regarding future events, many of which, by their nature, are inherently uncertain and outside AIG's control, including the timing and magnitude of any sales by the Treasury Department. It is possible that actual results will differ, possibly materially, from the anticipated results indicated in these statements. Factors that could cause actual results to differ, possibly materially, from those in the forward-looking statements are discussed throughout Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and in Part II, Item 1A. Risk Factors of AIG's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010, AIG's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010 and of AIG's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010, throughout Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and in Part I, Item 1A. Risk Factors of AIG's Annual Report on Form 10-K for the year ended December 31, 2009 (including Amendment No. 1 on Form 10-K/A filed on March 31, 2010 and Amendment No. 2 on Form 10-K/A filed on August 24, 2010) and in AIG's Current Report on Form 8-K, filed December 8, 2010.

#

American International Group, Inc. (AIG) is a leading international insurance organization with operations in more than 130 countries and jurisdictions. 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.

#