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Understanding AIG's Relationship with the U.S. Government

American International Group, Inc. (AIG)

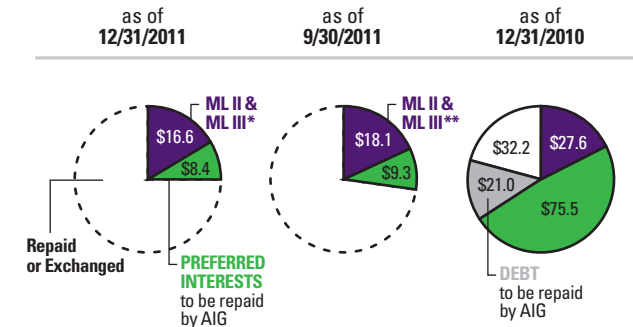
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Understanding AIG's Relationship with the U.S. Government

AIG executed its recapitalization plan with the U.S. Government on January 14, 2011. During the second quarter 2011, AIG and the Treasury Department completed the public offering of 300 million shares of AIG common stock, with 100 million shares issued and sold by AIG and 200 million shares sold by the Treasury Department. Also during 2011, AIG repaid approximately \$18.5 billion of the preferred interest. AIG will continue to work with the Treasury Department to help it monetize and exit its equity ownership over time.



	as of 12/31/2011	as of 9/30/2011	as of 12/31/2010
Total outstanding assistance, excluding common stock	\$25.0 billion	\$27.4 billion	\$124.1 billion
Common stock owned by U.S. Treasury Department	1.455 billion shares	1.455 billion shares	N/A
Outstanding debt and SPV preferred interests to be repaid by AIG	\$8.4 billion	\$9.3 billion	\$96.5 billion

The difference between the government assistance outstanding and the balance to be repaid is attributable to the outstanding on the Maiden Lane II and III loans. The Maiden Lane II and III loans are non-recourse to AIG.

PREFERRED INTERESTS Redeemable Non-Controlling Interests in the AIA and ALICO SPVs held by the Treasury Department (Repaid and retired in part)

AIG paid down and retired approximately \$6.1 billion of the FRBNY's preferred interests in the AIA and ALICO SPVs, using cash proceeds from the AIA IPO and the ALICO sale. As part of the January 14, 2011 recapitalization, AIG purchased the remainder of the FRBNY preferred interests (drawing the balance of the Treasury Department then-outstanding TARP Series F Preferred Shares commitment) and transferred those interests, totaling \$20.3 billion, to the Treasury Department. AIG reduced the SPV balances further in February 2011 when AIG paid the Treasury Department approximately \$2.2 billion from the sale of AIG Star Life Insurance Co., Ltd. and AIG Edison Life Insurance Company; in March 2011 when AIG paid the Treasury Department approximately \$6.9 billion from proceeds of the sale of MetLife securities received in the ALICO sale, fully repaying the ALICO SPV liquidation preference; in August 2011 when AIG paid the Treasury Department approximately \$2.2 billion from the proceeds of the sale of Nan Shan Life Insurance Company, Ltd.; and in November 2011 when AIG paid \$972 million related to the funds released by the escrow held in connection with the ALICO sale. The Treasury Department is expected to be repaid in full over time from the proceeds of asset sales.



FRBNY Investment in AIG-related RMBS Maiden Lane II SPV (\$22.5 billion originally authorized)

In November 2008, FRBNY created this SPV to provide AIG liquidity by purchasing residential mortgage-backed securities from AIG life insurance and retirement services companies. FRBNY provided a loan to Maiden Lane II for the purchases. It also terminated a previously established securities lending arrangement with AIG. The original amount funded by the FRBNY was \$19.5 billion. Loans to ML II are being repaid with the proceeds from the interest and principal payments and/or from the liquidation of the assets in the facility. On February 8, 2012, FRBNY announced it had sold \$6.2 billion in face amount of ML II assets, and that proceeds will enable the repayment of the entire remaining outstanding loan balance from the FRBNY in early March. ***



FRBNY Investment in AIG-related CDOs Maiden Lane III SPV (\$30 billion originally authorized)

In November 2008, FRBNY created this SPV to provide AIG liquidity by purchasing collateralized debt obligations (CDOs) from AIG Financial Products Corp. counterparties in connection with the termination of credit default swaps (CDSs) and surrender of the collateral by AIGFP. FRBNY provided a loan to the SPV for the purchases. The original amount funded by the FRBNY was \$24.3 billion. Loans to ML III are being repaid with the proceeds from the interest and principal payments and/or from the liquidation of the assets in the facility.



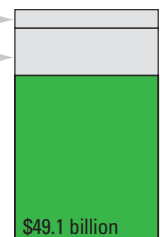
DEBT FRBNY Revolving Credit Facility (Repaid and terminated)

AIG repaid approximately \$21 billion principal and accrued interest and fees owed under the FRBNY credit facility, terminated on January 14, 2011.



EQUITY Treasury Department TARP Series E and Series F Preferred Shares and AIG Credit Facility Trust Series C Preferred Shares (Exchanged for AIG common stock)

AIG exchanged the Preferred Shares previously held by the Treasury Department together with the Series C Preferred Shares previously held by the AIG Credit Facility Trust for approximately 1.655 billion shares of AIG common stock. Following the May 2011 secondary offering the Treasury Department sold 200 million shares and now holds 1.455 billion shares or 77% of the total outstanding AIG common stock. Over time, the Treasury Department is expected to sell these shares subject to market conditions.



* As of December 28, 2011 Source: Federal Reserve Statistical Release, issued December 29, 2011

** As of September 28, 2011 Source: Federal Reserve Statistical Release, issued September 29, 2011

*** Source: Federal Reserve Bank of NY press release, issued February 8, 2012