

Contact: Teri Watson (Investment Community)  
212-770-7074

Christina Pretto (News Media)  
212-770-7083

**AMERICAN LIFE INSURANCE COMPANY**  
**TO BE PLACED IN SPECIAL PURPOSE VEHICLE**

**AIG POSITIONING ALICO AS AN INDEPENDENT OPERATION**

**MOVE PART OF AIG RESTRUCTURING PLAN**  
**WITH SUPPORT OF U.S. TREASURY AND THE FEDERAL RESERVE**

NEW YORK, March 2, 2009 – American International Group, Inc. (AIG) and American Life Insurance Company (ALICO) today announced a broad set of actions, taken in cooperation with the U.S. Department of the Treasury (U.S. Treasury) and the Federal Reserve, to improve AIG's capital structure, protect and enhance the value of its key businesses, and position these franchises for the future as more independently run, transparent companies.

AIG is working closely with the management of each of its major operating businesses to establish the appropriate governance and capital structures for those businesses. Certain businesses that are already positioned for sale will continue on this track; some will be held for later divestiture; and some businesses, such as ALICO and American International Assurance Company, Ltd (AIA), will continue to review their divestiture options, which ultimately may include a public offering of shares, depending on market conditions.

AIG intends to contribute the equity of ALICO and AIA into special purpose vehicles (SPVs) in exchange for preferred and common interests in the SPVs. This will enable the Federal Reserve Bank of New York (FRBNY) (or a trust for the benefit of the FRBNY) to receive preferred interests in repayment of a portion of the FRBNY facility. The amount of the preferred interests will be a percentage of the fair market value of ALICO and AIA based on valuations acceptable to the FRBNY. AIG will continue to hold the common interests in the SPVs. These transactions will reduce AIG's debt and interest carrying costs, while allowing AIG to continue to benefit from its ongoing common interests in the SPVs. Until subsequent divestment, ALICO will remain a wholly owned subsidiary of AIG, consolidated in AIG's reported financial statements.

"Given the importance of ALICO and AIA to repaying our obligation to the U.S. government, we think this structure is the optimal solution to maintain the value of these businesses and best position them to enhance their franchises," said Edward M. Liddy, Chairman and Chief Executive Officer, AIG.

"The ultimate success of our restructuring plan centers on ensuring that the unique businesses that make up AIG can thrive on their own. While this process may take up to several years to complete, we will ultimately create stronger, sounder businesses worthy of investor, customer, and regulatory confidence. We greatly appreciate the continued cooperation and support of our customers, business partners, the U.S. government and regulators around the world," Mr. Liddy said.

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## American Life Insurance Company to be Placed in Special Purpose Vehicle

March 2, 2009

Page two

“We are delighted by the changes announced by AIG today,” said Rodney O. Martin Jr., ALICO Chairman and Chief Executive Officer. “This sends a clear message to our stakeholders that ALICO continues to be a trustworthy, reliable and qualified partner. It will position us well in continuing to focus on our core life insurance and retirement services business. We can continue to execute ALICO’s successful business model to enhance the value of our franchise and to provide maximum value to the U.S. taxpayers. We continue to have very strong insurance operations and our ability to pay claims will be unaffected by this change.”

AIG also confirmed today that it had received proposals to acquire all or part of the share capital of ALICO. These proposals are preliminary and are being reviewed along with AIG’s consideration of a full or partial IPO of ALICO. “We will continue to consider all strategic alternatives for ALICO and evaluate expressions of interest from qualified parties with access to capital,” Mr. Martin said.

It should be noted that information contained in this press release or remarks made on the conference call may include projections and statements which may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These projections and 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. These projections and statements may address, among other things, the outcome of proposed transactions with the Federal Reserve Bank of New York and the United States Department of the Treasury, the number, size, terms, cost and timing of dispositions and their potential effect on AIG’s businesses, financial condition, results of operations, cash flows and liquidity (and AIG at any time and from time to time may change its plans with respect to the sale of one or more businesses), AIG’s exposures to subprime mortgages, monoline insurers and the residential and commercial real estate markets and AIG’s strategy for growth, product development, market position, financial results and reserves. It is possible that AIG’s actual results and financial condition will differ, possibly materially, from the anticipated results and financial condition indicated in these projections and statements. Factors that could cause AIG’s actual results to differ, possibly materially, from those in the specific projections and statements include a failure to complete the proposed transactions with the NY Fed and the United States Department of the Treasury, developments in global credit markets and such other factors as discussed in Item 1A. Risk Factors and throughout Management’s Discussion and Analysis of Financial Condition and Results of Operations in AIG’s Annual Report on Form 10-K for the year ended December 31, 2008. AIG is not under any obligation (and expressly disclaims any obligation) to update or alter any projection or other statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

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American International Group, Inc. (AIG), a world leader in insurance and financial services, is the leading international insurance organization with operations in more than 130 countries and jurisdictions. AIG companies serve commercial, institutional and individual customers through the most extensive worldwide property-casualty and life insurance networks of any insurer. In addition, AIG companies are leading providers of retirement services, financial services and asset management around the world. AIG’s common stock is listed on the New York Stock Exchange, as well as the stock exchanges in Ireland and Tokyo.

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