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**AIG SELLS RESIDENTIAL MORTGAGE-BACKED SECURITIES PORTFOLIO AND
TERMINATES U.S. SECURITIES LENDING PROGRAM**

Implements Transaction Structure Announced November 10

NEW YORK, NY, December 15, 2008 – American International Group, Inc. (AIG) today announced that AIG’s U.S. life insurance companies (Life Insurance Companies) have sold to Maiden Lane II LLC (ML II), a newly formed Delaware LLC in which the Federal Reserve Bank of New York (FRBNY) is the sole member, their interests in a pool of \$39.3 billion face amount of residential mortgage-backed securities (RMBS) held by their agent, AIG Securities Lending Corp., an AIG subsidiary, in connection with AIG’s U.S. securities lending program. The agreement in principle between AIG and FRBNY for this transaction was announced on November 10, 2008.

Edward M. Liddy, AIG Chairman and Chief Executive Officer, said: “AIG’s highest priority is the full repayment of the federal loan facility with interest. The creation and launch of this financing entity will eliminate the liquidity issues associated with AIG’s U.S. securities lending program, which will facilitate our repayment plan. Although we have more work ahead of us, this is an important step forward. We appreciate the support of the Federal Reserve Bank of New York in implementing this transaction.”

FRBNY extended a senior loan to ML II to enable the purchase of the RMBS for an initial purchase price of \$19.8 billion. The loan has a six-year term, subject to extension by FRBNY. It is secured by the \$39.3 billion face amount of RMBS and bears interest at one-month LIBOR plus 1.0 percent. The purchase price may be increased as a result of the payment of the deferred contingent purchase price described below.

The Life Insurance Companies applied the initial consideration from the sale of the RMBS, along with available cash and \$5.1 billion provided by AIG in the form of capital contributions to the Life Insurance Companies, to settle outstanding securities lending transactions under AIG’s U.S. securities lending program. Included in the terminations were AIG’s securities lending transactions with FRBNY under the securities lending agreement announced in October, which totaled approximately \$20.5 billion at December 12, 2008. As a result of these transactions, AIG’s October securities lending agreement with FRBNY and AIG’s U.S. securities lending program have been terminated.

To the extent there are sufficient net cash proceeds available to ML II from the RMBS after the senior loan from FRBNY is repaid in full, the Life Insurance Companies will be entitled to receive a portion of the deferred contingent purchase price from ML II of up to \$1 billion plus interest at one-month LIBOR plus 3.0 percent. After this fixed amount of deferred contingent purchase price has been paid, the Life Insurance Companies will be entitled to receive one-sixth of any remaining net proceeds from the RMBS as additional deferred consideration for the sale of the RMBS.

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December 15, 2008

Page two

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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