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**AIG REDUCES PRINCIPAL BALANCE ON FEDERAL RESERVE BANK
OF NEW YORK REVOLVING CREDIT FACILITY BY NEARLY \$4 BILLION**

***ILFC Loan Repayment Funds the Largest Single AIG Cash Reduction to Date
on FRBNY Loan***

NEW YORK, August 23, 2010 – American International Group, Inc. (AIG) has applied nearly \$4 billion received from International Lease Finance Corporation (ILFC) to the Federal Reserve Bank of New York (FRBNY) Revolving Credit Facility (credit facility), reducing AIG's outstanding principal balance to slightly more than \$15 billion, not including accumulated interest and fees.

The payment of \$3.95 billion represents the single largest cash payment AIG has made to the credit facility and is the largest reduction in the credit facility's principal balance since AIG placed AIA Group Limited (AIA) and American Life Insurance Company (ALICO) into Special Purpose Vehicles last December and exchanged preferred equity interests in AIA and ALICO for a \$25 billion reduction in the balance outstanding on the credit facility.

The payment also reduces the size of the FRBNY credit line available to AIG from approximately \$34 billion to approximately \$30 billion.

"This is continuing tangible evidence of AIG's progress in repaying the American taxpayers," said AIG President and CEO Robert H. Benmosche. "AIG is getting stronger every day. We still have more work to do, but we will finish the job and make sure we repay the American taxpayers."

Mr. Benmosche noted the progress AIG and its subsidiaries have made during the last year.

"ILFC has demonstrated today further progress in stabilizing its finances and buttressing ILFC's balance sheet," Mr. Benmosche said. "Closing on the ALICO transaction remains on track and we continue to work diligently on the initial public offering for AIA."

"Our insurance businesses are profitable; client retention rates have stabilized; and surrender rates have improved to normal levels. We are starting to see light at the end of the tunnel."

With the repayment, AIG's total principal and interest owed on the credit facility is approximately \$21 billion. AIG anticipates the repayment will trigger an accelerated amortization of the prepaid commitment fee asset, resulting in an approximately \$650 million pre-tax charge being taken by AIG.

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AIG Reduces Principal Balance on FRBNY Revolving Credit Facility by

Nearly \$4 Billion

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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 around the world. 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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