

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Announces Pricing of Public Offering of AIG Common Stock

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WASHINGTON – Today, the U.S. Department of the Treasury announced that it has agreed to sell 206,896,552 shares of its American International Group (AIG) common stock at \$29.00 per share. The aggregate proceeds to Treasury from the common stock offering are expected to be approximately \$6.0 billion.

As part of Treasury's common stock offering, AIG agreed to purchase 103,448,276 shares at the offering price of \$29.00 per share – representing \$3.0 billion of Treasury's expected proceeds from the sale.

"We're continuing to move forward to wind down TARP and exit our stakes in private companies as soon as practicable," said Assistant Secretary for Financial Stability Tim Massad. "Today is another important step in our efforts to recover the taxpayer's investment in AIG."

Yesterday, Treasury also announced an agreement with AIG that provides for the repayment of the government's remaining \$8.5 billion preferred equity investment in the AIG-owned entity AIA Aurora LLC (AIA SPV) – a special purpose vehicle that holds ordinary shares in AIA Group Limited (AIA).

Overall, the common stock offering priced today and the agreement to fully repay Treasury's preferred equity interest are expected to provide at least \$14.5 billion in proceeds toward repaying the taxpayers' investment in AIG. Those proceeds would reduce Treasury's remaining investment in AIG to \$35.7 billion. In addition, the Federal Reserve Bank of New York (FRBNY) has a loan to Maiden Lane III totaling \$9.3 billion. That FRBNY loan is collateralized by assets with a current value well in excess of the outstanding loan balance.

During the financial crisis, overall support for AIG through Treasury and the FRBNY totaled approximately \$182 billion. After giving effect to today's common stock sale and the preferred stock repayment, the government's remaining investments of \$45 billion would represent a 75 percent reduction from that original \$182 billion commitment (consisting of the remaining Treasury common stock investment of \$35.7 billion and FRBNY loan to Maiden Lane III of \$9.3 billion that is collateralized by assets with a current value well in excess of the outstanding loan value).

After today's offering and the expected full repayment of its preferred equity interests, Treasury's remaining investment in AIG would consist of 1.248 billion shares of common stock. Treasury's percentage ownership of AIG's outstanding shares of common stock would decline from approximately 77 percent to 70 percent.

Today's announcement is part of Treasury's ongoing efforts to wind down the Troubled Asset Relief Program (TARP). More than 77 percent (\$319 billion) of the \$414 billion funds disbursed for TARP have already been recovered to date through repayments and other income – before including any expected proceeds from today's announcement. For more details on Treasury's lifetime cost estimates for TARP programs, please visit Treasury's Monthly 105(a) Report to Congress on TARP at this link.

Treasury engaged Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Morgan Stanley & Co. LLC as Joint Global Coordinators for the offering of AIG common stock priced today. Greenhill & Co. continues to serve as Treasury's financial agent with respect to the management and disposition of Treasury's common stock investment in AIG.

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A previous version of this press release incorrectly stated Treasury's remaining investment in AIG after giving effect to the common stock offering priced today and the agreement to fully repay Treasury's preferred equity interest is \$37.8 billion. The correct figure is \$35.7 billion.

