



American Overseas Group Limited Announces Potential Commutation of \$4.5 Billion Par FGIC Portfolio

HAMILTON, Bermuda, August 24, 2012 (BUSINESS WIRE) -- American Overseas Group Limited (BSX:AORE.BH) (Pink Sheets: AORE.PK) ("AOG" or the "Company") today announced that its operating subsidiary, American Overseas Reinsurance Company Limited ("AORE"), has entered into a Settlement, Commutation and Release Agreement, dated as of August 20, 2012 (the "Agreement"), which, if consummated, would commute (the "Commutation") the entire portfolio of financial guaranty reinsurance business it has assumed from Financial Guaranty Insurance Company ("FGIC"). A rehabilitation proceeding for FGIC pursuant to Article 74 of the New York Insurance Law is currently pending before the Supreme Court of the State of New York (the "Court"), and the effectuation of such Commutation is subject to approval of the Agreement by the Court. Approval of the Agreement is within the Court's discretion, and no assurance can be given that such approval will be granted or when it will be granted. If the Court approves the Agreement, AORE will make a commutation payment to FGIC in the amount of \$64.8 million and the Commutation will become effective upon FGIC's receipt of such payment. The aggregate outstanding par value of the reinsurance portfolio proposed to be commuted was \$4.5 billion as of March 31, 2012. The Commutation, if effectuated, would have resulted in a GAAP loss of approximately \$14.1 million if it had been completed at March 31, 2012, the most recent date as of which AOG has published financial results.

Forward-Looking Statements

This release contains statements that may be considered "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements include, without limitation, the Company's expectations respecting the payment of the commutation amount and receipt of court approval of the commutation agreement. These statements are based on current expectations and the current views of the economic and operating environment and are not guarantees of future performance. A number of risks and uncertainties, including economic competitive conditions, could cause actual results to differ materially from those projected in forward-looking statements. The Company's actual results could differ materially from those expressed or implied in the forward-looking statements. Among the factors that could cause actual results to differ materially are: (i) the Company's ability to execute its business strategy, including with respect to any new reinsurance businesses; (ii) changes in general economic conditions, including inflation, foreign currency exchange rates, interest rates and other factors; (iii) the loss of significant customers with which AORE has a concentration of its reinsurance in force; (iv) legislative and regulatory developments; (v) changes in regulations or tax laws applicable

to the Company or its customers; (vi) more severe or more frequent losses associated with AORE's insured portfolio; (vii) losses on credit derivatives; (viii) changes in the Company's accounting policies and procedures that impact the Company's reported financial results; (ix) the effects of ongoing and future litigation and (x) other risks and uncertainties that have not been identified at this time. The Company undertakes no obligation to revise or update any forward-looking statement to reflect changes in conditions, events, or expectations, except as required by law.

Information About the Company

American Overseas Group Limited is a Bermuda-based holding company. Its operating subsidiary, American Overseas Reinsurance Company Ltd., has historically provided financial guaranty reinsurance for U.S. and international public finance and structured finance transactions. More information can be found at www.aoreltd.com.

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