

AMERICAN INTERNATIONAL GROUP INC

Form DEF 14C

December 10, 2010

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14C**

**INFORMATION STATEMENT PURSUANT TO SECTION 14(c) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

Check the appropriate box:

- Preliminary Information Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))
- Definitive Information Statement

AMERICAN INTERNATIONAL GROUP, INC.  
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Information Statement, if Other Than the Registrant(s))

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on the table below per Exchange Act Rules 14c-5(g) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.
  - (1) Amount Previously Paid:

(2) Form, Schedule or Registration No.:

(3) Filing Party:

(4) Date Filed:

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**Table of Contents**

**NOTICE OF SHAREHOLDER ACTION TAKEN PURSUANT TO WRITTEN CONSENT**

**American International Group, Inc.  
180 Maiden Lane  
New York, New York 10038**

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED  
NOT TO SEND US A PROXY.**

This Notice and the accompanying Information Statement are being furnished to inform the shareholders of record as of the close of business on December 7, 2010 (the Record Date) of American International Group, Inc., a Delaware corporation (AIG), of the following corporate actions (collectively, the Issuance), which are subject to the closing of the Recapitalization (as defined and described in the accompanying Information Statement) (the Closing):

The issuance of shares of AIG's common stock, par value \$2.50 per share (AIG Common Stock), as follows: (i) 562,868,096 shares of AIG Common Stock to the AIG Credit Facility Trust, a trust established for the sole benefit of the United States Treasury (the Trust) in exchange for all the outstanding shares of AIG's Series C Perpetual, Convertible, Participating Preferred Stock, par value \$5.00 per share, (ii) 924,546,133 shares of AIG Common Stock to the United States Department of the Treasury (the Treasury Department) in exchange for all the outstanding shares of AIG's Series E Fixed Rate Non-Cumulative Perpetual Preferred Stock, par value \$5.00 per share, and (iii) 167,623,733 shares of AIG Common Stock to the Treasury Department as partial consideration in exchange for the outstanding shares of AIG's Series F Fixed Rate Non-Cumulative Perpetual Preferred Stock, par value \$5.00 per share.

The issuance of 20,000 shares of a new series of AIG's preferred stock designated as Series G Cumulative Mandatory Convertible Preferred Stock to the Treasury Department as partial consideration in exchange for the outstanding shares of AIG's Series F Fixed Rate Non-Cumulative Perpetual Preferred Stock, par value \$5.00 per share.

On the Record Date, the Board of Directors of AIG approved the Issuance. Also on the Record Date, the Trust, as holder of a majority of the voting power of AIG's shareholders as of the Record Date, approved the Issuance, subject to the occurrence of the Closing, by written consent in lieu of a special meeting of shareholders.

This Notice and the accompanying Information Statement are first being mailed or transmitted to AIG's shareholders on or about December 10, 2010. The Issuance will occur on or about the later of (i) December 30, 2010, which is 20 days after this Notice and Information Statement are first mailed or transmitted to shareholders, and (ii) the Closing.

This Notice and the accompanying Information Statement constitute notice of corporate action without a meeting by less than unanimous consent of AIG's shareholders pursuant to Section 228(e) of the Delaware General Corporation Law and Section 1.11 of AIG's by-laws. No action is required on your part in connection with this document and no meeting of AIG's shareholders will be held nor will proxies be solicited. The accompanying Information Statement is for information purposes only. We are not asking you for a proxy, and you are requested not to send us a proxy. However, AIG urges you to read the Information Statement in its entirety for a more complete description of the action taken by AIG's shareholders.

By Order of the Board of Directors

JEFFREY A. WELIKSON

*Secretary*

Date: December 10, 2010

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**Table of Contents**

**American International Group, Inc.  
180 Maiden Lane  
New York, New York 10038**

**INFORMATION STATEMENT**

**NO VOTE OR OTHER ACTION OF AIG'S SHAREHOLDERS IS REQUIRED IN CONNECTION WITH THIS INFORMATION STATEMENT.**

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.**

**ABOUT THIS INFORMATION STATEMENT**

**General**

This Information Statement is being furnished by American International Group, Inc. ( "AIG" ) to inform the shareholders of record as of the close of business on December 7, 2010 (the "Record Date" ) that on the Record Date, the Board of Directors of AIG (the "Board" ) approved, and the AIG Credit Facility Trust, a trust established for the sole benefit of the United States Treasury (the "Trust" ), as holder of a majority of the voting power of AIG's shareholders as of the Record Date, approved by written consent (the "Written Consent" ), the following corporate actions (collectively, the "Issuance" ), subject to the Closing (as defined below):

The issuance of shares of AIG's common stock, par value \$2.50 per share ( "AIG Common Stock" ), as follows: (i) 562,868,096 shares of AIG Common Stock to the Trust in exchange for all the outstanding shares of AIG's Series C Perpetual, Convertible, Participating Preferred Stock, par value \$5.00 per share (the "Series C Preferred Stock" ), (ii) 924,546,133 shares of AIG Common Stock to the United States Department of the Treasury (the "Treasury Department" ) in exchange for all the outstanding shares of AIG's Series E Fixed Rate Non-Cumulative Perpetual Preferred Stock, par value \$5.00 per share (the "Series E Preferred Stock" ), and (iii) 167,623,733 shares of AIG Common Stock to the Treasury Department as partial consideration in exchange for the outstanding shares of AIG's Series F Fixed Rate Non-Cumulative Perpetual Preferred Stock, par value \$5.00 per share (the "Series F Preferred Stock" ).

The issuance of 20,000 shares of a new series of AIG's preferred stock designated as "Series G Cumulative Mandatory Convertible Preferred Stock" (the "Series G Preferred Stock" ) to the Treasury Department as partial consideration in exchange for the outstanding shares of the Series F Preferred Stock.

This Information Statement is being provided pursuant to the requirements under Rule 14c-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act" ), to holders of AIG Common Stock entitled to vote or give an authorization or consent to vote in regard to the matters acted upon by the Written Consent.

A copy of the Written Consent executed by the Trust is attached hereto as Appendix A. The several Appendices and Annexes attached hereto form a part of this Information Statement for all purposes.

This Information Statement is first being mailed or transmitted on or about December 10, 2010 to AIG's shareholders of record as of the Record Date. AIG anticipates that the Issuance and the closing of the Recapitalization (as defined below) (the "Closing" ) will occur on or about December 31, 2010 or on such date thereafter when all conditions to the Closing have been satisfied or waived.

## **Table of Contents**

### **Reason for the Written Consent**

#### ***Summary of the Corporate Actions***

On September 30, 2010, AIG entered into an agreement in principle (the Agreement in Principle ) with the Treasury Department, the Federal Reserve Bank of New York (the FRBNY ) and the Trust regarding a series of integrated transactions (the Recapitalization ) to recapitalize AIG, including the repayment of all amounts owed under the Credit Agreement, dated as of September 22, 2008 (as amended, the Credit Agreement ), with the FRBNY. The Agreement in Principle was superseded by (i) the Master Transaction Agreement, dated as of December 8, 2010 (the Master Transaction Agreement ), among AIG, ALICO Holdings LLC, AIA Aurora LLC, the FRBNY, the Treasury Department and the Trust, (ii) the Amended and Restated Purchase Agreement, which will be executed and delivered at or prior to the Closing (the Amended SPA ), among AIG, the Treasury Department and the FRBNY and (iii) the Registration Rights Agreement, which will be executed and delivered at or prior to the Closing (the Registration Rights Agreement ), between AIG and the Treasury Department (the Master Transaction Agreement, the Amended SPA and the Registration Rights Agreement are referred to herein as the Definitive Agreements ). The Master Transaction Agreement is attached hereto as Appendix B-1, the Amended SPA, substantially in the form in which it will be executed at or prior to the Closing, is attached hereto as Appendix B-2, and the Registration Rights Agreement, substantially in the form in which it will be executed at or prior to the Closing, is attached hereto as Appendix B-3.

The purposes of the Recapitalization are to facilitate the full repayment to the FRBNY and the Treasury Department of the financial assistance provided to AIG by the FRBNY and the Treasury Department since September 2008 and to promote AIG's transition from a majority government owned and supported entity to a financially sound and independent entity.

#### ***Action by Written Consent***

On the Record Date, the Trust, which was established for the sole benefit of the United States Treasury, was the record holder of all 100,000 outstanding shares of the Series C Preferred Stock, which, as of that date, were entitled to approximately 79.75 percent of the voting power of AIG's shareholders entitled to vote on any particular matter. On the Record Date, the Trust delivered to AIG the executed Written Consent approving the Issuance, subject to the Closing.

#### **Voting and Vote Required**

AIG is not seeking a consent, authorization or proxy from you regarding the Issuance. Section 228 of the Delaware General Corporation Law (the DGCL ) and Section 1.11 of AIG's by-laws permits shareholder action that may be taken at an annual or special meeting of shareholders to be taken instead by written consent signed by holders of outstanding shares having not less than the number of votes necessary to take such action at a meeting.

Pursuant to Section 312.03 of the New York Stock Exchange Listed Company Manual, approval of the Issuance by the holders of shares of AIG Common Stock and Series C Preferred Stock, as of the Record Date, voting together as a single class, is required prior to the Issuance. As described below, because the Trust, as the sole holder of the Series C Preferred Stock, holds a majority of the voting power of AIG's shareholders, the Written Consent is sufficient to approve the Issuance and satisfy Section 312.03.

As of the Record Date, there were 140,029,615 shares of AIG Common Stock outstanding and entitled to vote, held by 44,862 shareholders of record, and 100,000 shares of Series C Preferred Stock outstanding and entitled to vote, held by the trustees of the Trust. Each share of AIG Common Stock is entitled to one vote. Each share of the Series C

Preferred Stock is entitled to approximately 5,515,181.7 votes (551,518,174 in the aggregate). On the Record Date, the Trust, as the sole holder of the Series C Preferred Stock, was entitled to 79.75 percent of the voting power of AIG's shareholders entitled to vote on any particular matter. **Accordingly, the action by the Written Consent executed by the Trust is sufficient to approve the Issuance, and no further shareholder action is required.**



**Table of Contents**

**Notice Pursuant to By-laws and the Delaware General Corporation Law**

Pursuant to Section 228(e) of the DGCL and Section 1.11 of its by-laws, AIG is required to provide prompt notice of the taking of a corporate action by written consent to AIG's shareholders who have not consented in writing to such action and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting. This Notice and Information Statement serves as the notice required by Section 228(e) of the DGCL and Section 1.11 of AIG's by-laws.

**Table of Contents**

**THE RECAPITALIZATION**

**Summary of Recapitalization Transactions**

***Background***

In late 2009, AIG and the Treasury Department began discussions to consider a possible transaction with the Treasury Department, the FRBNY and the Trust to repay amounts owed under the Credit Agreement and to permit the government to exit its ownership relationship with AIG. In April 2010, the Board established a committee composed solely of outside directors, the Government Repayment Committee, to evaluate a possible transaction. The Government Repayment Committee comprised Mr. Douglas Steenland as Chairman, Mr. Henry Miller, Mr. Robert S. Steve Miller (until becoming Chairman of the Board, at which time he became an ex officio member) and Mr. Christopher Lynch, with Mr. Morris Offit and the Chairman of the Board as ex officio members.

AIG retained Merrill Lynch, Pierce, Fenner & Smith Incorporated ( BofA Merrill Lynch ) and Citigroup Global Markets Inc. ( Citigroup ) as financial advisers to assist in its analysis, and the Government Repayment Committee retained independent counsel and Rothschild Inc. ( Rothschild ) as its independent financial adviser. Rothschild was retained to assess the work performed by BofA Merrill Lynch and Citigroup and to assist the Committee in its analysis.

AIG then commenced discussions with the Treasury Department, the FRBNY and the trustees of the Trust regarding various proposals. The negotiations were complex and continued throughout the summer. The Government Repayment Committee, in general, met at least weekly, and held additional meetings as necessary to stay abreast of the negotiations.

The negotiations resulted in management recommending to the Government Repayment Committee approval of the Agreement in Principle (which was superseded by the Definitive Agreements), which has the following elements (described in more detail below):

Repayment and termination of the FRBNY Credit Facility, as defined below.

Repurchase and exchange of the SPV Preferred Interests, as defined below.

Issuance of AIG's Series G Preferred Stock.

Exchange of AIG's Series C, E and F Preferred Stock for AIG Common Stock.

Issuance to holders of AIG Common Stock of Warrants to purchase additional shares of AIG Common Stock.

In considering the recommendation of management, the Government Repayment Committee received from each of Citigroup and BofA Merrill Lynch an opinion to the effect that, as of the date of the opinion, and subject to the assumptions and limitations set forth therein, the consideration to be paid by AIG in connection with the exchange of the Series E Preferred Stock and Series F Preferred Stock for AIG Common Stock and the issuance to holders of AIG Common Stock of Warrants to purchase additional shares of AIG Common Stock, taken as a whole, was fair to the holders of AIG Common Stock (other than the Treasury Department, with respect to which no opinion was requested or expressed) from a financial point of view. The fairness opinions rendered by Citigroup and BofA Merrill Lynch do not opine as to the fairness of the exchange of the Series C Preferred Stock for shares of AIG Common Stock. The Government Repayment Committee did not deem it necessary to receive a fairness opinion regarding this exchange because the number of shares of AIG Common Stock received by the Trust for the Series C Preferred Stock was

derived from a previously agreed formula (i.e., the number was determined based upon the number of shares of AIG Common Stock the Trust would otherwise have been entitled to if the Series C Preferred Stock had been converted in accordance with its terms). Each of Citigroup and BofA Merrill Lynch has consented to the inclusion of its opinion as an appendix to this Notice and Information Statement, and copies of such opinions are attached hereto as Appendices C-1 and C-2. Further, the Government Repayment Committee received from its independent adviser, Rothschild, a letter indicating that, subject to the assumptions made and the other

**Table of Contents**

qualifications and limitations described therein, the opinions rendered by Citigroup and BofA Merrill Lynch were reasonable from a financial perspective. Rothschild has consented to the inclusion of its letter as an appendix to this Notice and Information Statement, and a copy of Rothschild's letter is attached hereto as Appendix D. The opinions of the financial advisors and the letter of Rothschild were provided for the information and assistance of the Board and the Government Repayment Committee, respectively, in connection with their consideration of the Recapitalization, and were limited to the matters set forth therein. Such opinions and the letter of Rothschild were one factor taken into account by the Government Repayment Committee and the Board in making their determinations to recommend and approve the Recapitalization. Such opinions and the letter of Rothschild do not constitute a recommendation to the Board or any shareholder of AIG with respect to the Recapitalization or any other matter and do not recommend specific terms of the Recapitalization. In addition, the Government Repayment Committee considered advice from Citigroup and BofA Merrill Lynch regarding the capital markets transactions contemplated by the Agreement in Principle. After considering management's recommendation, such opinions, advice and other factors, the Government Repayment Committee unanimously recommended approval of the Agreement in Principle to the Board. The Board, after considering the same information as provided to the Government Repayment Committee and taking into account the recommendation of the Government Repayment Committee, unanimously approved the Agreement in Principle, which was entered into on September 30, 2010. The Agreement in Principle was superseded by the Definitive Agreements.

***Recapitalization Transactions***

The Recapitalization transactions, all of which are to occur substantially simultaneously at the Closing, are to be as follows.

***Repayment and Termination of the FRBNY Credit Facility***

At the Closing, AIG will repay to the FRBNY in cash all amounts owing under the Credit Agreement (the FRBNY Credit Facility), between AIG and the FRBNY, and the FRBNY Credit Facility will be terminated. As of September 30, 2010, the total repayment amount under the FRBNY Credit Facility was approximately \$20 billion. The funds for repayment are to come from the net cash proceeds from the sale in the initial public offering of 67 percent of AIA Group Limited (AIA) ordinary shares and the sale of American Life Insurance Company (ALICO), which closed on October 29, 2010 and November 1, 2010, respectively. The net cash proceeds from the initial public offering of AIA and the sale of ALICO totaled approximately \$27 billion, a portion of which will be loaned to AIG (for repayment of the FRBNY Credit Facility), in the form of secured limited recourse loans, from the special purpose vehicles that hold the proceeds of the sales of AIA and ALICO (the SPVs, and such loans, the SPV Intercompany Loans). The remaining net cash proceeds of approximately \$7 billion will be distributed by the SPVs to the FRBNY, in accordance with the terms of the SPVs' limited liability company agreements.

At the time of repayment and termination of the FRBNY Credit Facility, any remaining unamortized prepaid commitment fee asset, which approximated \$4.7 billion at September 30, 2010, will be written off by AIG through a net charge to earnings.

***Repurchase and Exchange of the SPV Preferred Interests***

AIG currently has the right to draw down up to approximately \$22.3 billion under the Treasury Department's commitment pursuant to the Securities Purchase Agreement, dated as of April 17, 2009 (such commitment, the Treasury Department Commitment and such agreement, the Series F SPA), between AIG and the Treasury Department relating to the Series F Preferred Stock. AIG will have the right to designate up to \$2 billion of the Treasury Department Commitment to be available after the Closing for general corporate purposes under a commitment relating to the Series G Preferred Stock described below (the Series G Drawdown Right). At the Closing,

AIG will draw down the full amount of the Treasury Department Commitment less any amounts designated by AIG for the Series G Drawdown Right or, if the amount to be so drawn would be in excess of the FRBNY's preferred interests in the SPVs (the SPV Preferred Interests), AIG will draw down such lesser amount (the amount so drawn is called the Series F Closing Drawdown

## **Table of Contents**

Amount ). AIG will use the Series F Closing Drawdown Amount to repurchase all or a portion of the FRBNY's SPV Preferred Interests corresponding to the Series F Closing Drawdown Amount (the interests so purchased, the Transferred SPV Preferred Interests ) and transfer the Transferred SPV Preferred Interests to the Treasury Department as part of the consideration for the Series F Preferred Stock.

If at the Closing the amount of the SPV Preferred Interests is greater than the Series F Closing Drawdown Amount (after giving effect to any distribution in respect of such interests), then any SPV Preferred Interests not transferred to the Treasury Department at the Closing will continue to be held by the FRBNY and will be senior to the Transferred SPV Preferred Interests held by the Treasury Department. In addition to the proceeds from the monetization, after the Closing, of AIG's remaining ordinary shares of AIA and the MetLife, Inc. securities received from the sale of ALICO, AIG will, subject to applicable regulatory and tax considerations, use the proceeds from any sales or dispositions of its equity interests in Nan Shan Life Insurance Company, Ltd. ( Nan Shan ), AIG Star Life Insurance Co. Ltd. ( AIG Star ) and AIG Edison Life Insurance Company ( AIG Edison ), all of which are classified as held for sale by AIG, and in International Lease Finance Corporation ( ILFC ), which is not classified as held for sale by AIG, and AIG's and its subsidiaries' interests in Maiden Lane II LLC and Maiden Lane III LLC to repay the SPV Intercompany Loans and thereby provide funds with which the SPVs may pay down the SPV Preferred Interests after the Closing.

As a result of these transactions, the SPV Preferred Interests will no longer be considered permanent equity on AIG's balance sheet, and will be classified as redeemable noncontrolling interests in partially owned consolidated subsidiaries.

### ***Control Rights Related to the SPV Preferred Interests***

Under the Master Transaction Agreement, after the Closing, the FRBNY, so long as it holds SPV Preferred Interests, and thereafter the Treasury Department so long as it holds SPV Preferred Interests (the Rights Holder ) will have the right, subject to existing contractual restrictions, to require AIG to dispose of its ordinary shares of AIA and the MetLife, Inc. securities AIG received from the sale of ALICO. The consent of the Rights Holder will also be required for AIG to take specified significant actions with respect to Nan Shan, AIG Star, AIG Edison and ILFC (the Designated Entities ), including initial public offerings, sales, significant acquisitions or dispositions and incurrence of significant levels of indebtedness. If any SPV Preferred Interests are outstanding at May 1, 2013, the Rights Holder will have the right to compel the sale of all or a portion of one or more of the Designated Entities on terms that it will determine.

### ***Guarantee of SPV Intercompany Loans***

The SPV Intercompany Loans will be limited recourse loans that will be secured by AIG's and certain subsidiaries' pledge of their equity interests in the Designated Entities as well as the assets of the AIA SPV and the ALICO SPV, including AIG's ordinary shares of AIA and the MetLife, Inc. securities AIG received from the sale of ALICO. The recourse on the SPV Intercompany Loans is generally limited to foreclosing on the pledged collateral, except to the extent of the fair market value of equity interests of the Designated Entities that are not able to be pledged because of regulatory or tax considerations.

### ***Issuance of AIG's Series G Preferred Stock***

Pursuant to the Master Transaction Agreement, AIG and the Treasury Department will amend and restate the Series F SPA to provide for the issuance of 20,000 shares of Series G Preferred Stock by AIG to the Treasury Department at the Closing. The right of AIG to draw on the Treasury Department Commitment (other than the Series G Closing Drawdown Right) will be terminated, and the outstanding shares of Series F Preferred Stock will be exchanged as described under Exchange of AIG's Series C, E and F Preferred Stock for AIG Common Stock below.

The Series G Preferred Stock will initially have an aggregate liquidation preference equal to the amount of funds, if any, drawn down by AIG (such amount not to exceed \$2 billion) on the Treasury Department Commitment after September 30, 2010 but before the Closing (plus an amount to reflect a dividend accrual on such drawdown amount at a rate of 5 percent per annum). From the Closing until March 31, 2012, AIG may draw funds under the Series G Drawdown Right to be used for general corporate purposes, which will increase

**Table of Contents**

the aggregate liquidation preference of the Series G Preferred Stock by the amount of such drawdown. AIG generally may draw down funds until the aggregate liquidation preference of the Series G Preferred Stock is an amount up to the \$2 billion that may be designated by AIG prior to the Closing. The Series G Drawdown Right will be subject to terms and conditions substantially similar to those in the Series F SPA.

Dividends on the Series G Preferred Stock will be payable on a cumulative basis at a rate per annum of 5 percent, compounded quarterly, of the aggregate liquidation preference of the Series G Preferred Stock and may be paid, at AIG's option, in cash or in increases in the liquidation preference.

The available funding under the Series G Drawdown Right that may be used for general corporate purposes will be reduced by the amount of net proceeds of future AIG equity offerings. If the FRBNY continues to hold any SPV Preferred Interests when any such net proceeds are realized, then (i) an amount will be drawn down under the Series G Drawdown Right equal to the amount of such net proceeds up to \$2 billion (or the total available amount under the Series G Drawdown Right or the amount of the SPV Preferred Interests then held by the FRBNY, if less), (ii) the amount drawn down will be used to purchase a corresponding amount of SPV Preferred Interests from the FRBNY, (iii) such SPV Preferred Interests will then be transferred to the Treasury Department to repay the drawdown in the same manner as at the Closing and (iv) the liquidation preference of the Series G Preferred Stock (as increased by the amount drawn down under clause (i)) will be reduced by an amount equal to such transferred SPV Preferred Interests. Proceeds from an equity offered in excess of the available funding under the Series G Drawdown Right are required to be used to pay down the liquidation preference of the Series G Preferred Stock.

AIG may not directly redeem the Series G Preferred Stock while the FRBNY continues to hold any SPV Preferred Interests, but AIG will have the right to use cash to repurchase a corresponding amount of SPV Preferred Interests from the FRBNY, which will then be transferred to the Treasury Department and will accordingly reduce the aggregate liquidation preference of the Series G Preferred Stock. If the FRBNY no longer holds SPV Preferred Interests, the Series G Preferred Stock will be redeemable at any time in cash at AIG's option, at a redemption price equal to the liquidation preference plus accrued and unpaid dividends.

If the FRBNY continues to hold any SPV Preferred Interests on March 31, 2012, AIG will draw down all remaining available funds under the Series G Drawdown Right to the extent of the remaining aggregate amount of those SPV Preferred Interests (or the full remaining available amount, if less). Such funds will also be used to repurchase the SPV Preferred Interests to be transferred to the Treasury Department to repay the draw as described above. If, after giving effect to the foregoing, the Series G Preferred Stock has an outstanding aggregate liquidation preference on March 31, 2012, it will be converted into a number of shares of AIG Common Stock equal to the aggregate liquidation preference plus accrued and unpaid dividends divided by the lesser of \$29.29 and 80 percent of the average volume weighted average price of the AIG Common Stock over the 30 trading days commencing immediately after the date the AIG Common Stock trades without the right to receive the warrants to be issued to holders of AIG Common Stock in connection with the Recapitalization (the Warrants), as described below.

***Exchange of AIG's Series C, E and F Preferred Stock for AIG Common Stock***

At the Closing, (i) the shares of the Series C Preferred Stock held by the Trust will be exchanged for 562,868,096 shares of AIG Common Stock, which will be distributed by the Trust to, and ultimately held by, the Treasury Department; (ii) the shares of the Series E Preferred Stock held by the Treasury Department will be exchanged for 924,546,133 shares of AIG Common Stock; and (iii) the shares of the Series F Preferred Stock held by the Treasury Department will be exchanged for (a) the Transferred SPV Preferred Interests (as described above), (b) newly issued shares of the Series G Preferred Stock and (c) 167,623,733 shares of AIG Common Stock. After completing the Recapitalization, the Treasury Department will hold 1,655,037,962 shares of newly issued AIG Common Stock, representing ownership of approximately 92.1 percent of the AIG Common Stock that will be



outstanding as of the Closing. After this share exchange and distribution has been completed, the Trust will terminate. AIG has agreed to exculpate and indemnify the trustees of the Trust post-Closing, to waive the right to amounts previously advanced to the Trust, to procure insurance to provide the trustees not less than \$250 million of insurance coverage and to obtain an irrevocable standby letter of credit,

**Table of Contents**

reasonably acceptable to the trustees of the Trust, in the amount of \$5.2 million for the purpose of indemnifying and reimbursing such trustees to the extent such costs and expenses are not covered or timely paid pursuant to AIG's indemnity.

AIG will enter into the Registration Rights Agreement, which grants the Treasury Department registration rights with respect to the shares of AIG Common Stock issued at the Closing, including:

the right to participate in any registered offering of AIG Common Stock by AIG after the Closing;

the right to demand no more than twice in any 12-month period that AIG effect a registered marketed offering of its shares after the earlier of August 15, 2011 or the date of AIG's completion of a primary equity offering;

the right to engage in at-the-market offerings; and

the right to approve the terms and conditions of any registered offering in which it participates until its ownership falls below 33 percent of AIG's voting securities.

AIG will have the right to

raise up to \$3 billion (and up to an additional \$4 billion with the consent of the Treasury Department) by August 15, 2011 in a registered primary offering; and

in the case that events at AIG's insurance subsidiaries are projected to cause the parent company's aggregate liquidity (cash, cash equivalents and commitments of credit, but not the Treasury Commitment) to be projected to fall below \$8 billion within 12 months of the date of determination that such an event at an AIG insurance subsidiary has occurred, raise the greater of \$2 billion and the amount of the deficit.

Until the Treasury Department's ownership of AIG's voting securities falls below 33 percent, the Treasury Department will have complete control over the terms, conditions and pricing of any offering in which it participates, including any primary offering by AIG. As a result, although AIG has the right to conduct two primary offerings per year, the Treasury Department may decide to participate in those offerings, and to prevent AIG from selling any equity securities. AIG is required to pay all expenses of any registration of shares by the Treasury Department and all underwriting discounts and commissions up to one percent incurred by the Treasury Department.

The issuance of AIG Common Stock in connection with the exchange for the Series C Preferred Stock, the Series E Preferred Stock and the Series F Preferred Stock will significantly affect the determination of net income attributable to common shareholders and the weighted average shares outstanding, both of which are used to compute earnings per share.

***Issuance to AIG's Common Shareholders of Warrants to Purchase AIG Common Stock***

Shortly after the Closing, AIG will issue to the holders of record of AIG Common Stock immediately prior to the Closing, by means of a dividend, 10-year Warrants to purchase up to 75 million shares of AIG Common Stock in the aggregate at an exercise price of \$45.00 per share. None of the Trust, the Treasury Department or the FRBNY will receive Warrants.

***The Treasury Department's Outstanding Warrants***

The outstanding warrants currently held by the Treasury Department will remain outstanding following the Recapitalization but no adjustment will be made to the terms of the warrants as a result of the Recapitalization.

*Conditions to Closing of the Recapitalization*

Among other closing conditions, it is a condition to the Closing that the FRBNY will not hold SPV Preferred Interests with an aggregate liquidation preference in excess of \$2 billion immediately after the

**Table of Contents**

Closing. Additionally, the financial condition of AIG and certain of its key subsidiaries, taking into account the Recapitalization and the credit rating profiles of such entities, must be reasonably acceptable to the parties to the Master Transaction Agreement and AIG must have in place at the Closing third-party financing commitments that are reasonably acceptable to AIG, the Treasury Department and the FRBNY. Further, AIG must have achieved its year-end 2010 targets for the de-risking of AIG Financial Products Corp., and the trustees of the Trust must be reasonably satisfied with the insurance and indemnification arrangements provided to them in connection with the Recapitalization. The Closing may also be subject to regulatory approvals in certain jurisdictions. Any of the parties may terminate the Master Transaction Agreement if the Recapitalization is not completed by March 15, 2011.

The closing of the Recapitalization is subject to various risks and uncertainties. Even though the Master Transaction Agreement has been executed, numerous factors, many of which are outside of AIG's control, could impair its ability to implement or complete the Recapitalization. In particular, AIG's ability to effect the Recapitalization will be subject to a number of conditions, including regulatory approvals, third-party approvals and satisfactory rating profiles from rating agencies. The Recapitalization could be adversely affected by, among other things:

an inability to secure third-party financing commitments;

declines in AIG asset values or deterioration in its businesses; and

an inability to obtain necessary regulatory approvals or third-party consents for the proposed transactions.

No assurance can be given that AIG will be able to meet the conditions to the completion of the Recapitalization or to otherwise successfully implement the Recapitalization.

The complexity of executing the Recapitalization, combined with the challenges of operating its businesses in the current environment, could place further stress on AIG's internal controls, increase its costs and divert the attention of its management and employees from their normal duties, all of which may adversely affect AIG's business, both in terms of operations and ability to focus on and retain customers.

If AIG is not able to complete the Recapitalization, it is unclear how AIG's businesses, operations and liquidity will be affected. A failure to complete the Recapitalization could result in, among other things, a reduced level of support from the U.S. government, ratings downgrades, inability to access the capital markets and a loss in confidence in AIG by customers. As a result, a failure to complete the Recapitalization could have a material adverse effect on AIG's businesses, operations and liquidity.

The issuance of the shares of AIG Common Stock to the Treasury Department may have adverse consequences for AIG and its subsidiaries with regulators and contract counterparties. The issuance of the shares of AIG Common Stock to the Treasury Department may result in a change of control of AIG. A change of control of AIG triggers notice, approval and/or other regulatory requirements in many of the more than 130 countries and jurisdictions in which AIG and its subsidiaries operate. In light of the large number of jurisdictions in which AIG and its subsidiaries operate and the complexity of assessing and addressing the regulatory requirements in each of the relevant jurisdictions, AIG may be unable to obtain all regulatory consents or approvals that may be required in connection with the Recapitalization.

AIG and its subsidiaries are also parties to various contracts and other agreements that may be affected by a change of control of AIG.

As a result of the issuance of the shares of AIG Common Stock to the Treasury Department, the Treasury Department will become AIG's controlling stockholder. Upon completion of the Recapitalization, the Treasury Department will be

able, to the extent permitted by law, to control a vote of AIG shareholders on substantially all matters, including:

approval of mergers or other business combinations;

a sale of all or substantially all of AIG's assets;

**Table of Contents**

issuance of any additional AIG Common Stock or other equity securities; and

other matters that might be favorable to the Treasury Department, but not to AIG's other shareholders.

Moreover, the Treasury Department's ability to cause or prevent a change in control of AIG could also have an adverse effect on the market price of AIG Common Stock.

The Treasury Department may also, subject to applicable securities laws, transfer all, or a portion of, the AIG Common Stock to another person or entity and, in the event of such a transfer, that person or entity could become AIG's controlling shareholder. The Treasury Department's rights under the Registration Rights Agreement described above may be assigned to any person purchasing over \$500 million of AIG Common Stock.

Possible future sales of AIG Common Stock by the Treasury Department could adversely affect the market for AIG Common Stock. AIG has granted the Treasury Department the registration rights described above. Although AIG can make no prediction as to the effect, if any, that sales by the Treasury Department would have on the market price of AIG Common Stock, sales of substantial amounts of AIG Common Stock, or the perception that such sales could occur, could adversely affect the market price of AIG Common Stock.

**Effective Date of Issuance**

Under Rule 14c-2 promulgated under the Exchange Act, the Issuance may not be effected until at least December 30, 2010, 20 calendar days after the date this Notice and Information Statement was first mailed or transmitted to shareholders. The Issuance will occur simultaneously with the Closing. AIG currently expects the Closing to occur on or about December 31, 2010 or on such date thereafter when all conditions to the Closing have been satisfied or waived.

**Table of Contents****VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF****AIG Common Stock**

The following table contains information regarding the only persons who, to the knowledge of AIG, beneficially own more than five percent of AIG Common Stock outstanding as of December 7, 2010.

<b>Name and Address</b>	<b>Shares of Common Stock Beneficially Owned</b>	
	<b>Number</b>	<b>Percent</b>
Fairholme Capital Management, L.L.C.; Fairholme Funds, Inc.; Bruce R. Berkowitz (collectively, Fairholme )(1) 4400 Biscayne Boulevard 9th Floor Miami, FL 33137	39,990,099	28.558%(2)
C.V. Starr & Co., Inc.; Edward E. Matthews; Maurice R. Greenberg; Starr International Company, Inc.; Universal Foundation, Inc.; (collectively, the Starr Group )(3) 399 Park Avenue 17th Floor New York, NY 10022(4)	14,111,480	10.077%

- (1) Based on a Schedule 13D as amended through November 18, 2010 filed by each member of Fairholme (the Fairholme Schedule 13D ), the members of Fairholme specifically disclaim beneficial ownership in the shares of AIG Common Stock reported in the Fairholme Schedule 13D except to the extent of their pecuniary interest therein. Item 5 to the Fairholme Schedule 13D provides details as to the voting and investment power of each member of Fairholme. All information provided with respect to Fairholme is provided based solely on the information set forth in the Fairholme Schedule 13D. This information has not been updated to reflect changes in the ownership by the members of Fairholme of AIG Common Stock that are disclosed in filings made by one or more members of Fairholme under Section 16 of the Exchange Act. In each case, this information may not be accurate or complete and AIG takes no responsibility therefor and makes no representation as to its accuracy or completeness as of the date hereof or any subsequent date.
- (2) Based on the shares of AIG Common Stock outstanding at December 7, 2010, these ownership interests would represent approximately 28.558 percent of AIG Common Stock for Fairholme Capital Management, L.L.C. and Mr. Berkowitz and 25.773 percent of AIG Common Stock for Fairholme Funds, Inc.
- (3) Based on a Schedule 13D as amended through March 17, 2010 filed by each member of the Starr Group (the Starr Group Schedule 13D ), the members of the Starr Group do not affirm the existence of a group. Each of the Maurice R. and Corinne P. Greenberg Family Foundation, Inc., the Maurice R. and Corinne P. Greenberg Joint Tenancy Company, LLC and C.V. Starr & Co. Inc. Trust no longer has the power to vote or direct the disposition of any shares of AIG Common Stock. Item 5 to the Schedule 13D dated June 5, 2009 filed by each member of the Starr Group provides details as to the voting and investment power of each member of the Starr Group, as well as the right of each other member of the Starr Group to acquire AIG Common Stock within 60 days. All information provided with respect to the Starr Group is provided based solely on the information set forth in the

Starr Group Schedule 13D. This information has not been updated to reflect changes in the ownership by the members of the Starr Group of AIG Common Stock that are disclosed in filings made by one or more members of the Starr Group under Section 16 of the Exchange Act. In each case, this information may not be accurate or complete and AIG takes no responsibility therefor and makes no representation as to its accuracy or completeness as of the date hereof or any subsequent date.

- (4) This is the principal office for all individuals and entities in the Starr Group, other than Starr International Company, Inc., which has a principal office at Baarerstrasse 101, CH-6300 Zug, Switzerland; and the Universal Foundation, which has a principal office at Mercury House, 101 Front Street, Hamilton HM 12, Bermuda.



**Table of Contents**

**AIG's Series C Preferred Stock**

The trustees of the Trust, c/o Kevin F. Barnard, Arnold & Porter LLP, 399 Park Avenue, New York, New York 10022, hold all of the 100,000 shares outstanding of AIG's Series C Preferred Stock.

**INTEREST OF CERTAIN PERSONS IN MATTER TO BE ACTED UPON**

AIG is controlled by the Trust, which was established for the sole benefit of the United States Treasury. The interests of the Trust and the United States Treasury may not be the same as the interests of AIG's other shareholders. As a result of its ownership, the Trust is able, subject to the terms of the AIG Credit Facility Trust Agreement, dated as of January 16, 2009 (as it may be amended from time to time, the Trust Agreement), and the Series C Preferred Stock, to elect all of AIG's directors (other than directors elected by the Series E Preferred Stock and the Series F Preferred Stock) and can, to the extent permitted by law, control the vote on substantially all matters, including:

- approval of mergers or other business combinations;
- a sale of all or substantially all of AIG's assets;
- issuance of any additional shares of AIG Common Stock or other equity securities; and
- other matters that might be favorable to the United States Treasury.

The Issuance has been approved by the Board. AIG's directors and executive officers do not hold shares of the Series C Preferred Stock, Series E Preferred Stock or Series F Preferred Stock and will not hold shares of the Series G Preferred Stock. Certain of AIG's directors and executive officers hold shares of AIG Common Stock. As a result, each director and executive officer who holds shares of AIG Common Stock will be eligible to receive Warrants under the Recapitalization along with other holders of shares of AIG Common Stock.

**DELIVERY OF DOCUMENTS TO SHAREHOLDERS SHARING AN ADDRESS**

Only one copy of this Information Statement is being delivered to multiple shareholders who share a single address, unless AIG has received contrary instructions from any shareholder at that address. This practice, known as householding, is designed to reduce printing and postage costs. However, if any shareholder residing at such address wishes to receive a separate copy of this Information Statement, he or she may contact the AIG Director of Investor Relations at 180 Maiden Lane, New York, New York 10038, 212-770-6293, and AIG will deliver this document to such shareholder promptly upon receiving the request.

Any such shareholder may also contact the AIG Director of Investor Relations if he or she would like to receive separate shareholder materials and annual reports in the future. If a shareholder receives multiple copies of AIG's proxy materials, he or she may request householding in the future by contacting the AIG Director of Investor Relations.

**Table of Contents**

**INDEX OF APPENDICES AND ANNEXES**

Appendix A	Written Consent
Appendix B-1	Master Transaction Agreement, dated as of December 8, 2010, among American International Group, Inc., ALICO Holdings LLC, AIA Aurora LLC, the Federal Reserve Bank of New York, the United States Department of the Treasury and the AIG Credit Facility Trust
Appendix B-2	Form of the Amended and Restated Purchase Agreement, among American International Group, Inc., the United States Department of the Treasury and the Federal Reserve Bank of New York
Appendix B-3	Form of Registration Rights Agreement, between American International Group, Inc. and the United States Department of the Treasury
Appendix C-1	Merrill Lynch, Pierce, Fenner & Smith Incorporated Fairness Opinion
Appendix C-2	Citigroup Global Markets Inc. Fairness Opinion
Appendix D	Letter to the Government Repayment Committee of the Board of Directors of AIG, from Rothschild Inc.
Annex 1	Annual Report on Form 10-K for the year ended December 31, 2009 (certain exhibits omitted)
Annex 2	Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010 (certain exhibits omitted)
Annex 3	Current Report on Form 8-K filed on November 5, 2010 (SEC Accession No. 0001047469-10-009326) (certain exhibits omitted)
Annex 4	Current Report on Form 8-K filed on November 16, 2010

**Table of Contents**

**Appendix A**

**Written Consent**

A-1

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**Table of Contents**

**AMERICAN INTERNATIONAL GROUP, INC.**

**Written Consent in Lieu of  
a Special Meeting of Shareholders**

The undersigned (the **Trust**), being the sole holder of all the 100,000 outstanding shares of Series C Perpetual, Convertible, Participating Preferred Stock (the **Series C Preferred Stock**) of American International Group, Inc., a Delaware corporation (the **Corporation**), representing approximately 79.75 percent of the voting power of the Corporation's shareholders entitled to vote on any particular matter, pursuant to Section 228 of the General Corporation Law of the State of Delaware (**DGCL**) and the Corporation's by-laws, hereby waives notice and the holding of a formal special meeting, and hereby, in its capacity as the sole holder of the Series C Preferred Stock, consents to and adopts the following resolutions, which resolutions shall be deemed to be adopted as of the date hereof to the same extent and with the same force and effect as if such resolutions were duly adopted by the shareholders of the Corporation at a duly convened special meeting held for such purpose, and directs that this Written Consent be filed with the minutes of the proceedings of the shareholders of the Corporation:

**WHEREAS**, the Corporation entered into an agreement in principle (the **Agreement in Principle**) with the United States Department of the Treasury (the **Treasury Department**), the Federal Reserve Bank of New York (the **FRBNY**) and the undersigned regarding a series of integrated transactions (the **Recapitalization**) to recapitalize the Corporation, including the repayment of all amounts owed under, and the termination of, the Credit Agreement, dated as of September 22, 2008 (as amended, the **Credit Agreement**), between the Corporation and the FRBNY;

**WHEREAS**, the parties to the Agreement in Principle have been negotiating and expect to enter into a Master Transaction Agreement among the Corporation, ALICO Holdings LLC, AIA Aurora LLC, the FRBNY, the Treasury Department and the Trust (the **Master Transaction Agreement**), attached to which are certain exhibits, including the form of the Amended and Restated Purchase Agreement among the Corporation, the Treasury Department and the FRBNY, that will supersede the Agreement in Principle;

**WHEREAS**, in connection with the Recapitalization, the Corporation has agreed in principle to issue shares of the Corporation's common stock, par value \$2.50 per share (**Common Stock**), as follows: (i) 562,868,096 shares of Common Stock to the Trust in exchange for all the outstanding shares of the Series C Preferred Stock, (ii) 924,546,133 shares of Common Stock to the Treasury Department in exchange for all the outstanding shares of the Corporation's Series E Fixed Rate Non-Cumulative Perpetual Preferred Stock, par value \$5.00 per share, and (iii) 167,623,733 shares of Common Stock to the Treasury Department as partial consideration in exchange for the outstanding shares of the Corporation's Series F Fixed Rate Non-Cumulative Perpetual Preferred Stock, par value \$5.00 per share (the **Series F Preferred Stock**) (collectively, the **Common Stock Issuance**);

**WHEREAS**, in connection with the Recapitalization, the Corporation has agreed in principle to issue 20,000 shares of a new series of preferred stock designated as Series G Cumulative Mandatory Convertible Preferred Stock (the **Series G Preferred Stock**) to the Treasury Department (together with the Common Stock Issuance, the **Issuance**) as partial consideration in exchange for the outstanding shares of Series F Preferred Stock;

**WHEREAS**, on March 31, 2012, the Series G Preferred Stock will automatically convert into a variable number of shares of Common Stock in accordance with its terms;

**WHEREAS**, the Corporation has determined that (i) pursuant to Section 312.03 of the New York Stock Exchange Listed Company Manual, approval of the holders of the issued and outstanding shares of the Common Stock and the Series C Preferred Stock, voting together as a single class, is required prior to the Issuance and (ii) the Written Consent, pursuant to the rules of the New York Stock Exchange, is sufficient to approve the Issuance and satisfy

Section 312.03;

A-2

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**Table of Contents**

**WHEREAS**, the officers of the Corporation have requested the undersigned to sign this Written Consent to authorize the Issuance, on behalf of the holders of the Common Stock and the Series C Preferred Stock, voting together as a single class, and the undersigned is willing to so sign this Written Consent; and

**WHEREAS**, the Corporation and the undersigned desire that the actions taken by this Written Consent become effective at the later of (i) 20 days after the Notice and Information Statement in connection with the Issuance is first mailed or transmitted to the Corporation's shareholders and (ii) the closing of the Recapitalization pursuant to the Master Transaction Agreement;

**NOW, THEREFORE, BE IT:**

**RESOLVED**, that the Issuance is hereby approved, subject to the closing of the Recapitalization pursuant to the Master Transaction Agreement; and

**FURTHER RESOLVED**, that the actions taken by this Written Consent shall not be effective until the later of (i) 20 days after the Notice and Information Statement in connection with the Issuance is first mailed or transmitted to shareholders and (ii) the closing of the Recapitalization pursuant to the Master Transaction Agreement.

The action taken by this Written Consent shall have the same force and effect as if taken at a meeting of holders of all outstanding shares of the Series C Preferred Stock and Common Stock, duly called and constituted pursuant to the DGCL and the Corporation's by-laws.

This Written Consent may be executed in any number of counterparts, each of which will be deemed to constitute an original, but all of which together shall be deemed to constitute one and the same instrument.

*[Signature page follows]*

A-3

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**Table of Contents**

**IN WITNESS WHEREOF**, the Trust, being the sole holder of the Series C Preferred Stock, has executed this Written Consent.

**AIG CREDIT FACILITY TRUST**,  
a trust established for the sole benefit of  
the United States Treasury

Name: Jill M. Considine  
By: /s/ Jill M. Considine  
Title: Trustee

Dated: December 7, 2010

Name: Chester B. Feldberg  
By: /s/ Chester B. Feldberg  
Title: Trustee

Dated: December 7, 2010

Name: Peter A. Langerman  
By: /s/ Peter A. Langerman  
Title: Trustee

Dated: December 7, 2010

A-4

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**Table of Contents**

**Appendix B-1**

**Master Transaction Agreement, dated as of December 8, 2010, among American International Group, Inc., ALICO Holdings LLC, AIA Aurora LLC, the Federal Reserve Bank of New York, the United States Department of the Treasury and the AIG Credit Facility Trust**

B-1-1

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**Table of Contents**

**MASTER TRANSACTION AGREEMENT**  
dated as of  
December 8, 2010  
among  
**AMERICAN INTERNATIONAL GROUP, INC.,**  
**ALICO HOLDINGS LLC,**  
**AIA AURORA LLC,**  
**FEDERAL RESERVE BANK OF NEW YORK,**  
**UNITED STATES DEPARTMENT OF THE TREASURY**  
and  
**AIG CREDIT FACILITY TRUST**

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**Table of Contents****TABLE OF CONTENTS**

	Page
ARTICLE 1	
Definitions	
Section 1.01. <i>Definitions</i>	2
Section 1.02. <i>Other Definitional and Interpretative Provisions</i>	24
ARTICLE 2	
The Closing	
Section 2.01. <i>Closing</i>	24
Section 2.02. <i>Order of Completion of Transactions</i>	25
Section 2.03. <i>Closing Deliverables</i>	26
ARTICLE 3	
Repayment of FRBNY Credit Facility; SPV Intercompany Loans; SPV Capital Contributions	
Section 3.01. <i>Repayment of FRBNY Credit Facility; Termination of FRBNY Credit Facility</i>	28
Section 3.02. <i>Designated Cash Proceeds Received Prior to Closing</i>	29
Section 3.03. <i>SPV Intercompany Loans; Waiver Agreement</i>	31
Section 3.04. <i>SPV Capital Contributions</i>	33
ARTICLE 4	
Exchange of Securities	
Section 4.01. <i>Series G Drawdown Right; Series F Closing Drawdown Amount</i>	33
Section 4.02. <i>Purchase of AIA/ALICO Preferred Units</i>	34
Section 4.03. <i>Subordination of UST Held Preferred Units</i>	35
Section 4.04. <i>Amendment and Restatement of Existing Series F Purchase Agreement; Series G Certificate of Designations</i>	36
Section 4.05. <i>Exchange of Series C Preferred Stock; Termination of Trust</i>	36
Section 4.06. <i>Exchange of Series E Preferred Stock</i>	36
Section 4.07. <i>Cancellation of Preferred Shares</i>	37
Section 4.08. <i>Legends</i>	37
ARTICLE 5	
Representations and Warranties of AIG	
Section 5.01. <i>Organization, Authority and Significant Subsidiaries</i>	38
Section 5.02. <i>Capitalization</i>	38
Section 5.03. <i>AIG Common Stock Issued in the Recapitalization; Series G Preferred Stock</i>	39
Section 5.04. <i>Warrants</i>	40

**Table of Contents**

	Page
Section 5.05. <i>Authorization, Enforceability</i>	40
Section 5.06. <i>Non-contravention</i>	41
Section 5.07. <i>Governmental Authorization</i>	42
Section 5.08. <i>Anti-takeover Provisions and Rights Plan</i>	42
Section 5.09. <i>Absence of Changes</i>	42
Section 5.10. <i>AIG Financial Statements</i>	42
Section 5.11. <i>Solvency</i>	43
Section 5.12. <i>Reports</i>	43
Section 5.13. <i>AIG Information Statement</i>	44
Section 5.14. <i>No Undisclosed Liabilities</i>	44
Section 5.15. <i>Offering of Securities</i>	44
Section 5.16. <i>Litigation and Other Proceedings</i>	44
Section 5.17. <i>Compliance with Laws</i>	45
Section 5.18. <i>Employee Benefit Matters</i>	45
Section 5.19. <i>Taxes</i>	46
Section 5.20. <i>Properties and Leases</i>	47
Section 5.21. <i>Environmental Liability</i>	47
Section 5.22. <i>Risk Management Instruments</i>	47
Section 5.23. <i>Agreements with Regulatory Agencies</i>	48
Section 5.24. <i>Insurance</i>	48
Section 5.25. <i>Intellectual Property</i>	48
Section 5.26. <i>Brokers and Finders</i>	49
 ARTICLE 6 AIG Governance Related Matters  	
Section 6.01. <i>Financial Statements, Reports, Etc.</i>	49
Section 6.02. <i>Litigations and Other Notices</i>	52
Section 6.03. <i>Affirmative Obligations Relating to Executive Compensation</i>	53
Section 6.04. <i>Other Affirmative Obligations of AIG</i>	55
Section 6.05. <i>UST Board Observer Rights</i>	57
Section 6.06. <i>FRBNY Board-Level Information Rights</i>	58
 ARTICLE 7 AIA SPV and ALICO SPV Related Matters  	
Section 7.01. <i>Qualifying Events</i>	58
Section 7.02. <i>Control Based and Other Restrictions</i>	59
Section 7.03. <i>Consent, Demand and Other Rights</i>	60
Section 7.04. <i>SPV Capital Contributions and ALICO Indemnity Capital Contributions</i>	64
Section 7.05. <i>Affiliate Definition</i>	64
Section 7.06. <i>AIA and ALICO Business</i>	64
Section 7.07. <i>References to the Trust</i>	65
Section 7.08. <i>Confidentiality and Jurisdiction Provisions</i>	65
Section 7.09. <i>MetLife Purchase Price Adjustments and Indemnity</i>	66
Section 7.10. <i>Additional Provisions Relating to SPV Intercompany Loans</i>	68



**Table of Contents**

	Page
ARTICLE 8	
Designated Entity Related Matters	
Section 8.01. <i>Designated Entity Consent Rights</i>	70
Section 8.02. <i>Designated Entity Outlook Plan and Material Developments</i>	74
Section 8.03. <i>Nan Shan Liquidity Rights</i>	75
Section 8.04. <i>Star-Edison Liquidity Rights</i>	75
Section 8.05. <i>Maiden Lane III Upstream Obligations</i>	75
Section 8.06. <i>Compelled Monetization Rights</i>	75
Section 8.07. <i>Public Offerings</i>	76
Section 8.08. <i>Relationship to FRBNY Credit Facility</i>	77
Section 8.09. <i>Limitation on Designated Entity Rights</i>	77
ARTICLE 9	
Other Covenants	
Section 9.01. <i>Interim Operating Covenants</i>	77
Section 9.02. <i>Stockholder Action by Written Consent; AIG Information Statement</i>	78
Section 9.03. <i>Consummation of Recapitalization; Filings; Consents</i>	78
Section 9.04. <i>Issuance of Warrants</i>	79
Section 9.05. <i>Certain Notifications</i>	79
Section 9.06. <i>Expenses</i>	80
Section 9.07. <i>Indemnity</i>	81
Section 9.08. <i>Exculpation, Indemnification and Expenses of the Trust and the Trustees</i>	82
Section 9.09. <i>Trust Policy and Letter of Credit</i>	85
Section 9.10. <i>Trust Consent</i>	86
Section 9.11. <i>Waiver Agreement</i>	86
Section 9.12. <i>Effect on Agreement in Principle</i>	86
Section 9.13. <i>Stock Exchange Listing</i>	86
Section 9.14. <i>Obligations of the SPVs</i>	87
Section 9.15. <i>Certain Transactions</i>	87
Section 9.16. <i>Confidentiality</i>	87
ARTICLE 10	
Conditions to the Recapitalization	
Section 10.01. <i>Conditions to the Obligations of Each Party</i>	87
Section 10.02. <i>Conditions to the Obligations of the FRBNY, the UST and the Trust</i>	89
Section 10.03. <i>Additional Condition to the Obligations of the FRBNY</i>	90
Section 10.04. <i>Additional Condition to the Obligations of the FRBNY, the UST, AIG and the SPVs</i>	90
Section 10.05. <i>Additional Condition to the Obligations of AIG and the SPVs</i>	90
Section 10.06. <i>Additional Conditions to the Obligations of the Trust</i>	90

**Table of Contents**

	Page
ARTICLE 11	
Termination	
Section 11.01. <i>Termination</i>	91
Section 11.02. <i>Effect of Termination</i>	92
ARTICLE 12	
Miscellaneous	
Section 12.01. <i>Notices</i>	92
Section 12.02. <i>Survival of Representations and Warranties</i>	94
Section 12.03. <i>Amendments and Waivers</i>	94
Section 12.04. <i>Waiver of Conditions</i>	94
Section 12.05. <i>AIG Disclosure Schedule</i>	95
Section 12.06. <i>Binding Effect; Benefit; Assignment</i>	95
Section 12.07. <i>Governing Law; Submission to Jurisdiction; Service of Process</i>	95
Section 12.08. <i>WAIVER OF JURY TRIAL</i>	96
Section 12.09. <i>Counterparts; Effectiveness</i>	96
Section 12.10. <i>Entire Agreement</i>	96
Section 12.11. <i>Severability</i>	96
Section 12.12. <i>Specific Performance</i>	97
Section 12.13. <i>No Waiver of Attorney-Client, Work Product or Other Privilege</i>	97
<b>EXHIBITS</b>	
Exhibit A	Form of Amended and Restated Purchase Agreement
Exhibit B	Form of Intercompany Guarantee and Pledge Agreement
Exhibit C	Form of AIA Aurora LLC Intercompany Loan Agreement
Exhibit D	Form of ALICO Holdings LLC Intercompany Loan Agreement
Exhibit E	Form of Registration Rights Agreement
Exhibit F	Form of Warrant Agreement
Exhibit G	Form of Warrant Letter Agreement
Exhibit H	Form of Payoff Letter
Exhibit I	Trust Written Consent

**Table of Contents**

**MASTER TRANSACTION AGREEMENT**

MASTER TRANSACTION AGREEMENT (this **Agreement** ) dated as of December 8, 2010 among American International Group, Inc. ( **AIG** ), ALICO Holdings LLC (the **ALICO SPV** ), AIA Aurora LLC (the **AIA SPV** and, together with the ALICO SPV, the **SPVs** ), the Federal Reserve Bank of New York (the **FRBNY** ), the United States Department of the Treasury (the **UST** ) and the Trust (as defined below).

**WITNESSETH:**

WHEREAS, the parties hereto have mutually agreed to effect a series of integrated transactions as described herein and in the other Transaction Documents to recapitalize AIG (collectively, the **Recapitalization** ) that would result in, among other things, (i) the full repayment of all remaining principal, accrued and unpaid interest, fees and other amounts owing under the FRBNY Credit Facility, (ii) the transfer, through a series of exchanges with AIG, of all or a substantial portion of the preferred interests held by the FRBNY in the ALICO SPV and AIA SPV to the UST and the facilitation of the orderly repayment and retirement of such preferred interests (including, if applicable, any remaining preferred interests held by the FRBNY) following the Closing, (iii) the exchange of the Series E Preferred Stock and Series F Preferred Stock held by the UST and the Series C Preferred Stock held by the Trust for shares of AIG Common Stock and, in the case of the Series F Preferred Stock, certain other securities, (iv) the exchange of up to \$2 billion of AIG's right to draw up to approximately \$22.3 billion under the UST's existing commitment relating to the Series F Preferred Stock for the right to draw up to \$2 billion for general corporate purposes after the Closing under a new commitment by the UST relating to the Series G Preferred Stock and (v) the issuance, after the Closing, of warrants to purchase shares of AIG Common Stock to the holders of AIG Common Stock prior to the Closing, in each case, upon the terms and subject to the conditions set forth herein and in the other Transaction Documents; and

WHEREAS, the parties recognize that the purposes of the Recapitalization are (i) to facilitate the full repayment of the FRBNY and the UST for the financial assistance provided to AIG by the FRBNY and the UST since September 2008 and (ii) to promote AIG's transition from a majority government owned and supported entity to a financially sound and independent entity.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

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**Table of Contents**

ARTICLE 1  
Definitions

Section 1.01. *Definitions.* (a) As used herein, the following terms have the following meanings:

**Affiliate** means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person; *provided, however*, that (i) none of AIG or any of its Subsidiaries will be treated as Affiliates of the FRBNY, the UST, the Trust or the Trustees, (ii) none of AIG or any of its Affiliates, on the one hand, or the FRBNY, the UST, the Trust and the Trustees or any of their respective Affiliates, on the other, shall be deemed an Affiliate of the other such Person(s) and (iii) neither the FRBNY nor the UST shall be deemed an Affiliate of the other such Person. For purposes of this definition, control (including, with correlative meanings, the terms controlled by and under common control with ), when used with respect to any Person, means the possession, directly or indirectly, of the power to cause the direction of the management and/or policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

**Aggregate AIA/ALICO Liquidation Preference** means, at any time, the sum of the AIA Liquidation Preference and ALICO Liquidation Preference as of such time.

**AIA/ALICO Majority Preferred Members** means, at any time, the AIA/ALICO Preferred Member(s) (other than the FRBNY, the UST and any Permitted Transferee (as such term is defined in the relevant SPV LLC Agreement)) that own AIA/ALICO Preferred Units representing more than fifty percent (50%) of the then Aggregate AIA/ALICO Liquidation Preference of all AIA/ALICO Preferred Units.

**AIA/ALICO Preferred Interests** means the AIA Preferred Interests and ALICO Preferred Interests.

**AIA/ALICO Preferred Members** means the AIA Preferred Members and ALICO Preferred Members.

**AIA/ALICO Preferred Participating Return** means, in the case of each SPV, the Preferred Participating Return as defined in the relevant SPV LLC Agreement.

**AIA/ALICO Preferred Redemption** means, in the case of the AIA SPV, the Preferred Redemption (as such term is defined in the AIA SPV LLC Agreement) and, in the case of the ALICO SPV, the Senior Preferred Redemption and the Junior Preferred Redemption (as such terms are defined in the ALICO SPV LLC Agreement).



**Table of Contents**

**AIA/ALICO Preferred Units** means the AIA Preferred Units and ALICO Preferred Units.

**AIA/ALICO Preferred Units Aggregate Amount** means, as of any time, the sum of the AIA Preferred Units Aggregate Amount, the ALICO Junior Preferred Units Aggregate Amount and the ALICO Senior Preferred Units Aggregate Amount.

**AIA/ALICO Preferred Unit Amounts** means, as of any time, the AIA Preferred Unit Amount, the ALICO Junior Preferred Unit Amount and the ALICO Senior Preferred Amount, as the case may be.

**AIA** means AIA Group Limited, a Hong Kong limited liability company.

**AIA Liquidation Preference** has the meaning ascribed to **Liquidation Preference** in the AIA SPV LLC Agreement.

**AIA Preferred Interests** has the meaning ascribed to **Preferred Interests** in the AIA SPV LLC Agreement.

**AIA Preferred Member** has the meaning ascribed to **Preferred Member** in the AIA SPV LLC Agreement.

**AIA Preferred Unit Amount** means, as of any time, an amount per AIA Preferred Unit equal to the AIA Preferred Units Aggregate Amount divided by 16,000.

**AIA Preferred Units** has the meaning ascribed to **Preferred Units** in the AIA SPV LLC Agreement.

**AIA Preferred Units Aggregate Amount** means, as of any time, an amount equal to (i) \$16,676,363,790.03, *plus* (ii) the Preferred Return (as defined in the AIA SPV LLC Agreement) earned on the AIA Preferred Units from September 30, 2010 to immediately prior to such time, *minus* (iii) the SPV Distributions received by the holder(s) of the AIA Preferred Units since the date hereof and prior to such time.

**AIA SPV Intercompany Loan Agreement** means the AIA Aurora LLC Intercompany Loan Agreement dated as of the Closing Date between AIG and the AIA SPV, substantially in the form of Exhibit C.

**AIA SPV LLC Agreement** means the Fourth Amended and Restated Limited Liability Company Agreement of the AIA SPV dated as of December 1, 2009.

**AIG Common Stock** means the common stock, \$2.50 par value per share, of AIG.

**Table of Contents**

**AIG Disclosure Schedule** means the disclosure schedule dated the date hereof regarding this Agreement that has been provided by AIG to the FRBNY, the UST and the Trust.

**AIGFP** means AIG Financial Products Corp., a Delaware corporation.

**AIG Material Adverse Effect** means a material adverse effect on (i) the business, results of operation or financial condition of AIG and its consolidated Subsidiaries taken as a whole; *provided, however*, that AIG Material Adverse Effect shall not be deemed to include the effects of (a) changes after the date hereof in general business, economic, political or market conditions (including changes generally in prevailing interest rates, credit availability and liquidity, currency exchange rates and price levels or trading volumes in the United States or foreign securities or credit markets), or any outbreak or escalation of hostilities, declared or undeclared acts of war or terrorism, in each case generally affecting the industries or jurisdictions in which AIG and its Subsidiaries operate, (b) changes or proposed changes after the date hereof in GAAP in the United States or regulatory accounting requirements, or authoritative interpretations thereof, (c) changes or proposed changes after the date hereof in securities, insurance and other Laws of general applicability or related policies or interpretations of Governmental Entities, (d) actions required to be taken under the Transaction Documents or taken with the prior written consent of the applicable parties hereto or thereto after the date hereof, (e) changes in the market price or trading volume of the AIG Common Stock, or any other equity, equity-related or debt securities of AIG or its consolidated Subsidiaries (it being understood and agreed that the exception set forth in this clause (e) does not apply to the underlying reason giving rise to or contributing to any such change); *provided that*, in the case of each of clauses (a), (b) and (c), other than changes or occurrences to the extent that such changes or occurrences have had or would reasonably be expected to have a materially disproportionate adverse effect on AIG and its consolidated Subsidiaries taken as a whole relative to comparable insurance or financial services organizations or (ii) the ability of AIG to consummate the transactions contemplated by this Agreement and the other Transaction Documents and perform (or cause to be performed) its obligations hereunder and thereunder on a timely basis.

**ALICO** means American Life Insurance Company, a Delaware corporation.

**ALICO Junior Liquidation Preference** has the meaning ascribed to Junior Liquidation Preference in the ALICO SPV LLC Agreement.

**ALICO Junior Preferred Unit Amount** means, as of any time, an amount per ALICO Junior Preferred Unit equal to the ALICO Junior Preferred Units Aggregate Amount divided by 8,000.

**Table of Contents**

**ALICO Junior Preferred Units** has the meaning ascribed to Junior Preferred Units in the ALICO SPV LLC Agreement.

**ALICO Junior Preferred Units Aggregate Amount** means, as of any time, an amount equal to (i) \$8,338,181,895.01, *plus* (ii) the Junior Preferred Return (as defined in the ALICO SPV LLC Agreement) earned on the ALICO Junior Preferred Units from September 30, 2010 to immediately prior to such time, *minus* (iii) the SPV Distributions received by the holder(s) of the ALICO Junior Preferred Units since the date hereof and prior to such time.

**ALICO Liquidation Preference** means, at any time, the sum of the ALICO Junior Liquidation Preference and ALICO Senior Liquidation Preference as of such time.

**ALICO Preferred Interests** has the meaning ascribed to Preferred Interests in the ALICO SPV LLC Agreement.

**ALICO Preferred Member** has the meaning ascribed to Preferred Member in the ALICO SPV LLC Agreement.

**ALICO Preferred Units** means the ALICO Junior Preferred Units and ALICO Senior Preferred Units.

**ALICO Senior Liquidation Preference** has the meaning ascribed to Senior Liquidation Preference in the ALICO SPV LLC Agreement.

**ALICO Senior Preferred Unit Amount** means, as of any time, an amount per ALICO Senior Preferred Unit equal to the ALICO Senior Preferred Units Aggregate Amount divided by 1,000.

**ALICO Senior Preferred Units** has the meaning ascribed to Senior Preferred Units in the ALICO SPV LLC Agreement.

**ALICO Senior Preferred Units Aggregate Amount** means, as of any time, an amount equal to (i) \$1,042,272,736.88, *plus* (ii) the Senior Preferred Return (as defined in the ALICO SPV LLC Agreement) earned on the ALICO Senior Preferred Units from September 30, 2010 to immediately prior to such time, *minus* (iii) the SPV Distributions received by the holder(s) of the ALICO Senior Preferred Units since the date hereof and prior to such time.

**Table of Contents**

**ALICO SPV Intercompany Loan Agreement** means the ALICO Holdings LLC Intercompany Loan Agreement dated as of the Closing Date between AIG and the ALICO SPV, substantially in the form of Exhibit D.

**ALICO SPV LLC Agreement** means the Second Amended and Restated Limited Liability Company Agreement of the ALICO SPV dated as of December 1, 2009, as amended by Amendment No. 1, dated as of March 7, 2010.

**ALICO True-Up Amount** means \$21,247,615.00.

**A.M. Best** means A.M. Best Company or any successor thereto.

**Amended and Restated Purchase Agreement** means the Amended and Restated Purchase Agreement dated as of the Closing Date among AIG, the UST and the FRBNY, substantially in the form of Exhibit A.

**Annual Statement** means the annual statutory financial statement of any Insurance Subsidiary of AIG required to be filed with the insurance commissioner (or similar authority) of its jurisdiction of organization, which statement shall be in the form required by such Insurance Subsidiary's jurisdiction of incorporation or, if no specific form is so required, in the form of financial statements permitted by such insurance commissioner (or such similar authority) to be used for filing annual statutory financial statements and shall contain the type of information permitted or required by such insurance commissioner (or such similar authority) to be disclosed therein, together with all exhibits or schedules filed therewith.

**Approvals** means certificates, permits, licenses, franchises, concessions, grants, consents, approvals, orders, registrations, authorizations, waivers, variances or clearances from, or declarations, filings or registrations with, or notices to, or disclosure to or mandated by, any Governmental Entity.

**Bankruptcy** means, with respect to any Person, (i) the filing by such Person of a voluntary petition seeking liquidation, reorganization, arrangement or readjustment, in any form, of its debts under Title 11 of the United States Code or any other U.S. federal or state insolvency Law, or such Person's filing an answer consenting to or acquiescing in any such petition, (ii) the making by such Person of any assignment for the benefit of its creditors, (iii) the appointment of a trustee, receiver, intervenor or conservator under the Resolution Authority under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iv) the expiration of 60 days after the filing of an involuntary petition under Title 11 of the United States Code, an application for the appointment of a receiver for the assets of such Person, or an involuntary petition seeking liquidation, reorganization, arrangement or readjustment of its debts under any other U.S. federal or state insolvency Law (*provided, however*, that the same shall not have been vacated or set aside within such 60-day period or subject to a stay at the conclusion of such 60-day period), or (v) solely with respect to any Insurance Subsidiary, the

**Table of Contents**

issuance of any order of supervision, conservation, rehabilitation or liquidation or the appointment of a receiver or supervisor, with respect to such Insurance Subsidiary.

**Benefit Plans** means all Plans as of the date hereof together with all Plans hereafter adopted, created or entered into.

**Business Day** means a day, other than Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by applicable Law to close.

**Capital Lease Obligations** of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

**Closing Date** means the date of the Closing.

**Code** means the Internal Revenue Code of 1986, as amended, as the same may be further amended from time to time.

**Compensation Regulations** means, collectively, Section 111 of EESA, together with any guidance, rule or regulation thereunder, as the same shall be in effect from time to time.

**Delaware Law** means the General Corporation Law of the State of Delaware.

**Department** means, with respect to any regulated Subsidiary, any Governmental Entity that regulates and oversees, in any material respect, the business of such Subsidiary (including any branch thereof) in any of the jurisdictions or administrative regions in which such Subsidiary conducts its business.

**Designated Entity** means, at any time, (i) each of Star, Edison, Nan Shan, ILFC and each successor thereto, (ii) if at such time AIG is the Controlling Party under and as defined in the Credit Agreement dated as of December 12, 2008 among Maiden Lane II LLC, as Borrower, the FRBNY as Controlling Party and as Senior Lender and the Bank of New York Mellon as Collateral Agent, Maiden Lane II and each successor thereto and (iii) if at such time AIG is the Controlling Party under and as defined in the Maiden Lane III Master Agreement, Maiden Lane III and each successor thereto.

**Table of Contents**

**Designated Interests** means the Nan Shan Interests, Star Interests, Edison Interests, ILFC Interests, Maiden Lane II Interests or Maiden Lane III Interests, as applicable.

**Disqualified Stock** means any Equity Interest that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, (i) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, or requires the payment of any cash dividend or any other scheduled payment constituting a return of capital, in each case at any time on or prior to September 13, 2014, or (ii) is convertible into or exchangeable (unless at the sole option of the issuer thereof) for (a) debt securities or (b) any Equity Interest referred to in clause (i) above.

**Domestic Subsidiary** means any Subsidiary other than a Foreign Subsidiary.

**Edison** means AIG Edison Life Insurance Company.

**Edison Interests** means the Equity Interests of Edison held by AIG or any of its Subsidiaries.

**EESA** means the Emergency Economic Stabilization Act of 2008 (P.L. 110-343), as amended, as the same may be further amended from time to time.

**Equity Interests** means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity interests in, or equity securities of, any Person, and any option, warrant or other right entitling the holder thereof to purchase or otherwise acquire any such equity interest or equity security.

**Escrow Accounts** has the meaning ascribed to such term in the Waiver Agreement.

**Existing Series F Purchase Agreement** means the Securities Purchase Agreement dated as of April 17, 2009 between AIG and the UST relating to the Series F Preferred Stock as in effect prior to the amendment and restatement of such agreement at the Closing in accordance with Section 4.04.

**Fair Market Value** means, with respect to any asset or Person at any time, the fair market value of such asset or Person at such time as reasonably determined in good faith by the AIG Board.

**Financial Officer** of any Person means the chief financial officer, head of finance, principal accounting officer, treasurer or controller of such Person.

**Table of Contents**

**Fitch** means Fitch Inc., or any successor thereto.

**Foreign Subsidiary** means any Subsidiary that is a controlled foreign corporation within the meaning of the Code. For this purpose, a controlled foreign corporation includes any Subsidiary substantially all of the assets of which are the stock of one or more controlled foreign corporations.

**FRBNY Credit Facility** means the Credit Agreement dated as of September 22, 2008 between AIG and the FRBNY.

**FRBNY Guarantee and Pledge Agreement** means the Guarantee and Pledge Agreement dated as of September 22, 2008 among AIG, the Guarantors party thereto and the FRBNY as secured party.

**FRBNY SPV Payoff Amount** means, with respect to either SPV, an amount as adjusted from time to time equal to (i) the AIA Liquidation Preference or the ALICO Liquidation Preference, as applicable, of the AIA/ALICO Preferred Units of such SPV held by the FRBNY immediately after the Closing, *plus* (ii) a return of five percent (5%) per annum until September 22, 2013, and thereafter nine percent (9%) per annum, on the average daily balance (other than any portion thereof representing an accrued but uncompounded return in accordance with this clause (ii), and, for the avoidance of doubt, giving effect to any reductions thereto pursuant to the following clause (iii)) of the FRBNY SPV Payoff Amount from the Closing Date to but not including the date of determination, accrued daily and compounded quarterly on the same date as the preferred returns on such AIA/ALICO Preferred Units, *minus* (iii) the aggregate amount of any SPV Distributions received by the FRBNY in respect of the AIA/ALICO Preferred Units of such SPV held by the FRBNY from the Closing Date to the date of determination, including (a) pursuant to Section 4.03 hereof or (b) as a result of one or more purchases of such AIA/ALICO Preferred Units pursuant to Section 2.06(f) or Section 2.07 of the Amended and Restated Purchase Agreement.

**GAAP** means generally accepted accounting principles in the United States.

**Governmental Entity** means any national, regional, local or foreign governmental, legislative, judicial, administrative or regulatory authority, agency, commission, body, court or entity.

**Guarantee** of or by any Person means any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the primary obligor) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness or other obligation, (ii) to

**Table of Contents**

purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment of such Indebtedness or other obligation or (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation; *provided* that the term *Guarantee* shall not include endorsements for collection or deposit in the ordinary course of business.

**ILFC** means International Lease Finance Corporation, a California corporation.

**ILFC Interests** means the Equity Interests of ILFC held by AIG or any of its Subsidiaries.

**Indebtedness** means, without duplication, with respect to any Person, all liabilities, obligations and indebtedness for borrowed money of such Person, of any kind or nature, now or hereafter owing, arising, due or payable, howsoever evidenced, created, incurred, acquired or owing, whether primary, secondary, direct, contingent, fixed or otherwise, consisting of indebtedness for borrowed money or the deferred purchase price of property or services, excluding purchases of merchandise and services in the ordinary course of business consistent with past practice, but including (i) all obligations and liabilities of any Person secured by any Lien on such Person's property, even though such Person shall not have assumed or become liable for the payment thereof (except unperfected Permitted Liens incurred in the ordinary course of business and not in connection with the borrowing of money); (ii) all obligations and liabilities of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP; (iii) all obligations and liabilities created or arising under any conditional sale or other title retention agreement with respect to property used or acquired by such Person, even if the rights and remedies of the lessor, seller or lender thereunder are limited to repossession of such property; (iv) all obligations and liabilities under Guarantees by such Person of Indebtedness of another Person; (v) all obligations and liabilities of such Person in respect of letters of credit, bankers' acceptances or similar instruments issued or accepted by banks and other financial institutions for the account of such Person; (vi) all obligations of such Person evidenced by bonds, notes, debentures, or similar instruments; (vii) all obligations of such Person with respect to deposits or advances of any kind; (viii) all Synthetic Lease Obligations of such Person, (ix) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interests of such Person or any other Person or any warrants, rights or options to acquire such Equity Interests, valued, in the case of redeemable preferred interests, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends (other than capital contributions or similar



**Table of Contents**

payments (or commitments therefor) in respect of limited partner or similar interests held by such Person in an investment vehicle or fund), (x) all obligations of such Person in respect of Disqualified Stock, and (xi) the Indebtedness of any partnership (other than Indebtedness that is nonrecourse to such Person) in which such Person is a general partner. Notwithstanding anything herein to the contrary, Indebtedness shall not include (a) any obligation of any Person to make any payment, hold funds or securities in trust or to segregate funds or securities for the benefit of one or more third parties (including any policyholder, pension fund or mutual fund shareholder or unitholder) pursuant to any insurance or reinsurance contract, annuity contract, variable annuity contract, unit-linked or mutual fund account or other similar agreement or instrument; or any pension fund or mutual fund contract; or any capital redemption contract or suretyship contract issued pursuant to its insurance business license in the ordinary course of business; (b) any Indebtedness issued, assumed, guaranteed or otherwise incurred by any Regulated Subsidiary, for or on behalf of any separate account of such Regulated Subsidiary, in respect of which the recourse of the holder of such Indebtedness is limited to assets of such separate account; (c) any Indebtedness that is secured by a real property mortgage under which the recourse of the lender is limited to the relevant real property other than recourse liability for customary bad boy acts; (d) the obligations of any investment funds controlled by any Designated Entity (where control means the possession by such Designated Entity, directly or indirectly, of the power to direct or cause the direction of the management and policies of such investment funds, whether through the ownership of voting Equity Interests, by contract or otherwise) that would be considered as liabilities of such Designated Entity on the consolidated financial statements prepared in accordance with GAAP applicable to such Designated Entity, but not, for the sake of clarity, in respect of indebtedness for borrowed money; (e) obligations under Swap Contracts; (f) obligations under or arising out of any employee benefit plan, employment contract or other similar arrangement in existence as of the date hereof; or (g) obligations under any severance or termination of employment agreement or plan. For the avoidance of doubt, Indebtedness shall not include statutory liens incurred or advances or deposits or other security granted to any Governmental Entity in connection with a governmental authorization, registration, filing, license, permit or approval in the ordinary course of business consistent with past practice.

**Initial Public Offering** means, with respect to any Designated Entity, any initial underwritten sale of Equity Interests of such Designated Entity, any other Person owning all or substantially all of the assets of the Designated Entity and its Subsidiaries, taken as a whole, or any Person formed solely for the purpose of owning all of the Equity Interests of the Designated Entity, in each case, pursuant to (i) an effective registration statement under the 1933 Act filed with the SEC on Form S-1 or Form F-1 (or a successor form) after which sale such Equity Interests are listed or quoted on a national securities exchange or an established foreign securities exchange or authorized to be quoted on an inter-

**Table of Contents**

dealer quotation system of a registered national securities association or (ii) a listing on any internationally recognized foreign stock exchange.

**Insurance License** means any license, certificate of authority, permit or other authorization that is required to be obtained from any Governmental Entity in connection with the operation, ownership or transaction of the business of insurance or reinsurance.

**Insurance Subsidiary** means, with respect to any Person, any Subsidiary of such Person that is required to be licensed as an insurer or reinsurer.

**Intercompany Guarantee and Pledge Agreement** means the Guarantee, Pledge and Proceeds Application Agreement dated as of the Closing Date among AIG, the AIA SPV, the ALICO SPV and the guarantors party thereto, substantially in the form of Exhibit B.

**knowledge of AIG** means the actual knowledge as of the date hereof (other than in respect of Section 9.05) after reasonable inquiry of any of the individuals listed in Section 1.01(A) of the AIG Disclosure Schedule.

**Law** means any federal, state, local or foreign law, statute or ordinance, or any rule, regulation, judgment, order, writ, injunction, ruling, decree or agency requirement of any Governmental Entity. For the sake of clarity, the term

**Laws** includes without limitation: (i) any applicable anti-corruption laws relating to the offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any government official, (ii) any applicable laws or sanctions administered by the U.S. Office of Foreign Assets Control, the United Nations Security Council or other relevant sanctions authority relating to dealings or transactions with any Person, in any country or territory, that at the time of the dealing or transaction is or was the subject of sanctions, (iii) any applicable anti-money laundering laws and regulations, and (iv) any applicable U.S. anti-boycott laws and regulations.

**Lien** means, with respect to any asset, (i) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (ii) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (iii) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

**Loans** has the meaning ascribed to such term in the FRBNY Credit Facility.

**Maiden Lane II** means Maiden Lane II LLC, a Delaware limited liability company.

**Table of Contents**

**Maiden Lane II Interests** means the Equity Interests of Maiden Lane II and any contractual rights to receive the proceeds of assets held by Maiden Lane II, in each case held by AIG or any of its Subsidiaries.

**Maiden Lane III** means Maiden Lane III LLC, a Delaware limited liability company.

**Maiden Lane III Interests** means the Equity Interests of Maiden Lane III and any contractual rights to receive the proceeds of assets held by Maiden Lane III, in each case held by AIG or any of its Subsidiaries.

**Maiden Lane III Master Agreement** means the Master Investment and Credit Agreement dated as of November 25, 2008 among Maiden Lane III LLC, the FRBNY as Controlling Party and as Senior Lender, AIG as Equity Investor and the Bank of New York Mellon as Collateral Agent, as amended from time to time.

**Material Adverse Regulatory Event** means the occurrence of any of the following events: (i) the applicable Department of any Material Insurance Subsidiary or a court of competent jurisdiction finds that any Material Insurance Subsidiary is in hazardous financial condition or is insolvent, (ii) any Material Insurance Subsidiary is required to comply with any letter, bulletin or order of a state insurance regulator materially restricting its operations or business, or AIG or any of its Subsidiaries enters into an agreement (whether oral or written) with any state insurance regulator for substantially the same purpose, (iii) any insurance commissioner or other state insurance regulatory official intervenes in the management of the business of any Material Insurance Subsidiary, or AIG or any of its Subsidiaries otherwise intentionally facilitates or takes any affirmative action towards facilitating, such intervention, (iv) any Material Insurance Subsidiary becomes subject to orders of supervision, conservation, rehabilitation or liquidation, by agreement or otherwise, or has a receiver or supervisor appointed or (v) any material Insurance License of any Material Insurance Subsidiary is suspended or revoked and such suspension or revocation continues for 30 days, or any renewal application by any Material Insurance Subsidiary for any material Insurance License is disapproved or ultimately fails to be approved.

**Material Insurance Subsidiary** means any Insurance Subsidiary of AIG that owns (i) total assets in excess of \$75,000,000 or (ii) Equity Interests in or Indebtedness of any other Subsidiary described in clause (i).

**Material Subsidiary** means any Subsidiary of any Person that would constitute a significant subsidiary of such Person within the meaning of Rule 1-02 of Regulation S-X under the 1934 Act if such Person's Equity Interests were registered under the 1934 Act.

**MetLife** means MetLife, Inc., a Delaware corporation.

**Table of Contents**

**MetLife Purchase Agreement** means the Stock Purchase Agreement dated as of March 7, 2010 among the ALICO SPV, AIG and MetLife (for clarity, giving effect to any changes to the terms thereof set forth in the MetLife Waiver).

**MetLife Waiver** means the letter agreement dated as of October 29, 2010 among AIG, the ALICO SPV and MetLife.

**Monetization Transaction** means, with respect to any Designated Entity at any time, either a Sale of the Company or an Initial Public Offering, which, in the case of an Initial Public Offering, results in an aggregate payment in respect of the SPV Intercompany Loans and/or SPV Capital Contributions at least equal to the lesser of (i) the Aggregate AIA/ALICO Liquidation Preference (plus the aggregate preferred returns earned on the AIA/ALICO Preferred Units of both SPVs since the most recent fiscal quarter then ended) at such time and (ii) fifty percent (50%) (or such lesser percentage as may be determined by the Rights Holder) of the Fair Market Value of such Designated Entity at such time.

**Moody's** means Moody's Investors Service, Inc., or any successor thereto.

**NAIC** means the National Association of Insurance Commissioners or any successor thereto, or in the absence of the National Association of Insurance Commissioners or such successor, any other association, agency or other organization performing advisory, coordination or other like functions among Departments, insurance commissioners and similar Governmental Entities of the various states of the United States toward the promotion of uniformity in the practices of such Governmental Entities.

**Nan Shan** means Nan Shan Life Insurance Company, Ltd., a Taiwan limited company.

**Nan Shan Interests** means the Equity Interests of Nan Shan held by AIG or any of its Subsidiaries.

**Net ILFC Indebtedness** means Consolidated Indebtedness (as such term is defined in the \$2,500,000,000 Five-Year Revolving Credit Agreement dated as of October 13, 2006 among ILFC, the banks named therein and Citicorp USA, Inc., as administrative agent) *minus* cash and cash equivalents on hand of ILFC and its Subsidiaries.

**Net Proceeds** has the meaning ascribed to such term in the Intercompany Guarantee and Pledge Agreement.

**1933 Act** means the U.S. Securities Act of 1933, as amended.

**1934 Act** means the U.S. Securities Exchange Act of 1934, as amended.

**Table of Contents**

**Outstanding Hybrid Securities** means equity units, junior subordinated debt or trust preferred securities issued by AIG or any of its Subsidiaries having hybrid equity treatment from major rating agencies and outstanding as of the date hereof.

**Permitted Lien** means, with respect to any Person, (i) any lien that secures debt that is reflected on the financial statements of such Person previously provided or made available to the FRBNY and the UST; (ii) any lien for taxes, assessments or other governmental charges or levies that are not yet due or payable or that are being contested in good faith by appropriate proceedings; (iii) any statutory lien of a landlord and any lien of a carrier, warehouseman, mechanic, materialman, repairman and any other lien imposed by applicable Law for amounts not yet due; (iv) any lien incurred or deposit made to a Governmental Entity in connection with a governmental authorization, registration, filing, license, permit or approval; (v) any lien incurred or deposit made in the ordinary course of the business of such Person or any Subsidiary thereof in connection with workers' compensation, unemployment insurance or other types of social security; (vi) any defect of title, easement, right-of-way, covenant, restriction or other similar charge or encumbrance not materially interfering with the ordinary conduct of business or which is shown by a current title report or other similar report or listing previously provided or made available to the FRBNY and the UST; (vii) any lien not created by such Person or any Subsidiary thereof that affects the underlying fee interest of any leased real property; (viii) any lien incurred in the ordinary course of the business of such Person or any Subsidiary thereof securing obligations or liabilities that are not individually or in the aggregate material to the relevant asset or property, respectively; (ix) any license, agreement, settlement, consent, covenant not to assert or other arrangement entered into in the ordinary course of the business of such Person or any Subsidiary thereof; (x) any zoning, building or other generally applicable land use restriction; (xi) any lien that has been placed by a third party on the fee title of the real property constituting the leased real property or real property over which such Person or any Subsidiary thereof has easement rights; (xii) any lease or similar agreement affecting the real property owned by such Person or any Subsidiary thereof, *provided* that such lease or agreement has been provided or made available to the FRBNY and the UST; (xiii) any lien or other restriction on transfer imposed by applicable insurance Laws; (xiv) any pledge or other collateral assignment of assets, including by means of a credit for reinsurance trust, to or for the benefit of cedents under reinsurance written by each of such Person and any Subsidiary thereof that is an insurance company, for purposes of statutory accounting credit; (xv) any lien granted under securities lending and borrowing agreements, repurchase and reverse repurchase agreements and derivatives entered into in the ordinary course of the business of such Person or any Subsidiary thereof; (xvi) any clearing or settlement lien on securities and other investment properties incurred in the ordinary course of clearing and settlement transactions in such securities and other investment properties and the holding of legal title or other interests in securities or other investment properties

**Table of Contents**

by custodians or depositories in the ordinary course of the business of such Person or any Subsidiary thereof; (xvii) any agreement with any Governmental Entity or any public utility or private supplier of services, including any subdivision agreement, development agreement and site control agreement (*provided, however*, that any such agreements do not materially interfere with the ordinary conduct of business of such Person or any Subsidiary thereof); (xviii) any right of the owners of any mineral rights (*provided, however*, that any such rights do not materially interfere with the ordinary conduct of business of such Person or any Subsidiary thereof); (xix) any reservation, limitation, appropriation, proviso or condition in any original grant from the crown or the relevant Governmental Entity, native land claim or statutory exception to title; and (xx) any lien granted by AIG or any one or more of its Subsidiaries pursuant to (a) the FRBNY Guarantee and Pledge Agreement, (b) the FRBNY Credit Facility, (c) the Intercompany Guarantee and Pledge Agreement or (d) any of the other Transaction Documents or any other action required to be taken or agreement required to be made to give effect to transactions contemplated by the Transaction Documents.

**Person** means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

**Previously Disclosed** means information: (i) set forth or incorporated in AIG's Annual Report on Form 10-K for the most recently completed fiscal year filed with the SEC prior to the date hereof (the **Last Fiscal Year**) or in its other publicly available reports and forms filed with or furnished to the SEC under Sections 13(a), 14(a) or 15(d) of the 1934 Act on or after the last day of the Last Fiscal Year and prior to the date hereof (it being understood and agreed that any information contained in any part of any such reports and forms shall only be deemed to be an exception to (or a disclosure for purposes of) AIG's representations and warranties if the relevance of that information as an exception to (or a disclosure for purposes of) such representations and warranties would be readily apparent to a person who has read that information concurrently with such representations and warranties, without any independent knowledge on the part of the reader regarding the matter(s) so disclosed; *provided* that, for purposes of Section 5.19, such information shall also include information set forth or incorporated in Annual Reports on Form 10-K or other publicly available reports and forms filed with or furnished to the SEC under Sections 13(a), 14(a) or 15(d) of the 1934 Act filed with the SEC on or after January 1, 2008; and, *provided, further*, that in no event shall any information contained in any part of any such report or form entitled **risk factors** or containing a description or explanation of **forward-looking statements** be deemed to be an exception to (or a disclosure for purposes of) any representations and warranties of AIG contained in this Agreement); or (ii) set forth in the AIG Disclosure Schedule (it being understood and agreed that disclosure of any item in any section or subsection of the AIG Disclosure Schedule shall be deemed disclosed with respect to any other section

**Table of Contents**

or subsection of the AIG Disclosure Schedule but only to the extent that the relevance of such item is readily apparent).

**Public Offering** means any public sale of Equity Interests of any Designated Entity or any Material Subsidiary thereof.

**Quarterly Statement** means the quarterly statutory financial statement of any Insurance Subsidiary of AIG required to be filed with the insurance commissioner (or similar authority) of its jurisdiction of organization or, if no specific form is so required, in the form of financial statements permitted by such insurance commissioner (or such similar authority) to be used for filing quarterly statutory financial statements and containing the type of financial information permitted by such insurance commissioner (or such similar authority) to be disclosed therein, together with all exhibits or schedules filed therewith.

**Registration Rights Agreement** means the Registration Rights Agreement dated as of the Closing Date between AIG and the UST, substantially in the form of Exhibit E.

**Regulated Subsidiary** means each Subsidiary of any Designated Entity that is regulated by a Department.

**Reinsurance Agreement** means any agreement, contract, treaty, certificate or other arrangement by which any Insurance Subsidiary of AIG agrees to transfer or cede to another insurer that is not an Affiliate of AIG all or part of the liability assumed or assets held by it under one or more insurance, annuity, reinsurance or retrocession policies, agreements, contracts, treaties, certificates or similar arrangements. Reinsurance Agreements shall include, but not be limited to, any agreement, contract, treaty, certificate or other arrangement that is treated as such by the applicable Department.

**Relevant TARP Period** means the period commencing on the Closing Date during which any obligation of AIG or any of its Subsidiaries arising from financial assistance provided under TARP remains outstanding within the meaning of the Compensation Regulations (including any period during which the U.S. Government owns (i) any Series G Preferred Stock, (ii) any AIG Common Stock issued in exchange for the Series E Preferred Stock, the Series F Preferred Stock or the Series G Preferred Stock or (iii) any AIA/ALICO Preferred Units or AIA/ALICO Preferred Interests, but excluding any period during which the U.S. Government only holds warrants to purchase AIG Common Stock).

**Responsible Officer** of any Person means any executive officer or Financial Officer of such Person and any other officer or similar official thereof responsible for the administration of the obligations of such Person in respect of this Agreement.

**Table of Contents**

**Rights Holder** means (i) the FRBNY (after prior consultation with the UST), for so long as the FRBNY owns or holds any AIA/ALICO Preferred Units or AIA/ALICO Preferred Interests, (ii) thereafter, the UST, for so long as the UST owns or holds any AIA/ALICO Preferred Units or AIA/ALICO Preferred Interests and (iii) thereafter, if applicable, (A) any other department or agency of the U.S. Government that acquires and owns or holds any AIA/ALICO Preferred Units or AIA/ALICO Preferred Interests and/or (B) any Person, directly or indirectly, wholly-owned by, or any trust or similar Person established solely to hold such AIA/ALICO Preferred Units or AIA/ALICO Preferred Interests on behalf of, the FRBNY, the UST or any other department or agency of the U.S. Government; *provided* that if more than one Person other than the FRBNY and the UST holds AIA/ALICO Preferred Units or AIA/ALICO Preferred Interests in the circumstances described in the foregoing clause (iii), the Rights Holder, if any, shall be the Person(s) holding AIA/ALICO Preferred Units representing more than fifty percent (50%) of the then Aggregate AIA/ALICO Liquidation Preference.

**S&P** means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

**Sale of the Company** means, with respect to a Designated Entity, (i) any sale, merger, consolidation, business combination or other similar transaction or series of related transactions (other than an Initial Public Offering) involving, directly or indirectly, such Designated Entity, as a result of which a Person or group of Persons other than AIG and any of its Affiliates own, directly or indirectly, fifty percent (50%) or more of the voting power of such Designated Entity or the surviving or resulting Person thereof or (ii) the sale or transfer of all or substantially all of the assets of the Designated Entity and its Subsidiaries, taken as a whole, in a single transaction or a series of related transactions.

**SAP** means, with respect to any Insurance Subsidiary, the statutory accounting practices prescribed or permitted by the insurance commissioner (or other similar authority) in the domicile of such Insurance Subsidiary for the preparation of annual statements and other financial reports by insurance companies of the same type as such Insurance Subsidiary, which are applicable to the circumstances as of the date of filing of such statement or report.

**Securities Lending Program** means any securities lending program established by a Designated Entity or any of its Subsidiaries as set forth in Section 8.01(a) of the AIG Disclosure Schedule.

**SEC** means the Securities and Exchange Commission.

**Series C Preferred Stock** means the Series C Perpetual, Convertible, Participating Preferred Stock, par value \$5.00 per share, of AIG.



**Table of Contents**

**Series E Preferred Stock** means the Series E Fixed Rate Non-Cumulative Preferred Stock, par value \$5.00 per share, of AIG.

**Series F Drawdown Right** has the meaning ascribed to Commitment in the Existing Series F Purchase Agreement.

**Series F Exchanged Shares** has the meaning ascribed to such term in the Amended and Restated Purchase Agreement.

**Series F Preferred Stock** means the Series F Fixed Rate Non-Cumulative Perpetual Preferred Stock, par value \$5.00 per share, of AIG.

**Series G Certificate of Designations** means the form of certificate of designations attached as Annex A to the Amended and Restated Purchase Agreement setting forth the rights, preferences and privileges of the Series G Preferred Stock.

**Series G Drawdown Right** has the meaning ascribed to Draw Down Right in the Amended and Restated Purchase Agreement.

**Series G Preferred Stock** means the new series of preferred stock of AIG designated as the Series G Cumulative Mandatory Convertible Preferred Stock, par value \$5.00 per share, issuable at the Closing in accordance with the Amended and Restated Purchase Agreement and having the rights, preferences and privileges set forth in the Series G Certificate of Designations.

**Solvent** means, with respect to any Person on any date of determination, that on such date (i) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (ii) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (iii) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (iv) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

**SPV Distribution** means any dividend, distribution or other payment of any kind or character in respect of any AIA/ALICO Preferred Units or AIA/ALICO Preferred Interests.

**SPV LLC Agreement** means the AIA SPV LLC Agreement or the ALICO SPV LLC Agreement, as applicable.

**Table of Contents**

**Star** means AIG Star Life Insurance Co., Ltd., a Japan limited liability partnership.

**Star-Edison Purchase Agreement** means the Stock Purchase Agreement dated as of September 30, 2010 between AIG and Prudential Financial, Inc.

**Star-Edison Transaction Agreements** has the meaning ascribed to Transaction Agreements in the Star-Edison Purchase Agreement.

**Star Interests** means the Equity Interests of Star held by AIG or any of its Subsidiaries.

**Subject Securities** means (i) with respect to the AIA SPV, any Equity Interests of AIA (and any securities issued or issuable in respect thereof by way of conversion, exchange, stock dividend, split or combination, recapitalization, merger, consolidation, other reorganization or otherwise) held by the AIA SPV or any of its Subsidiaries and (ii) with respect to the ALICO SPV, the Non-Cash Consideration (as such term is defined in the MetLife Purchase Agreement) (and any securities issued or issuable in respect of such Non-Cash Consideration by way of conversion, exchange, stock dividend, split or combination, recapitalization, merger, consolidation, other reorganization or otherwise) held by the ALICO SPV or any of its Subsidiaries.

**Subsidiary** means, with respect to any Person, any corporation, partnership, joint venture, limited liability company or other entity (i) of which more than fifty percent (50%) of the interest in the capital or profits of such corporation, partnership, joint venture or limited liability company or (ii) of which a majority of the voting securities or other voting interests, or a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the board of directors or persons performing similar functions with respect to such entity, is at the time, directly or indirectly owned by such Person and/or one or more subsidiaries thereof; *provided, however*, that neither AIG Global Asset Management Holdings Corp. and its subsidiaries nor any investment vehicle managed by AIG or any of its Affiliates and created or invested in the ordinary course of its or their respective investment management shall be a Subsidiary of AIG or any of its Affiliates for purposes of this Agreement.

**Swap Contract** means (i) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, emission rights, spot contracts, or any other similar transactions

**Table of Contents**

or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement and (ii) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a **Master Agreement** ), including any such obligations or liabilities under any Master Agreement; *provided* that Swap Contracts shall not include (a) the stock purchase contracts that constitute a component of Outstanding Hybrid Securities issued in the form of equity units, (b) any right, option, warrant or other award made under an employee benefit plan, employment contract or other similar arrangement or (c) any right, warrant or option or other convertible or exchangeable security or other instrument issued by AIG or any Subsidiary or Affiliate of AIG or any Subsidiary for capital raising purposes.

**Synthetic Lease** means, as to any Person, any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) (i) that is accounted for as an operating lease under GAAP and (ii) in respect of which the lessee retains or obtains ownership of the property so leased for U.S. federal income tax purposes, other than any such lease under which such Person is the lessor.

**Synthetic Lease Obligations** means, as to any Person, an amount equal to the capitalized amount of the remaining lease payments under any Synthetic Lease that would appear on a balance sheet of such Person in accordance with GAAP if such obligations were accounted for as Capital Lease Obligations.

**TARP** means the Troubled Asset Relief Program established under EESA.

**Transaction Documents** means (i) this Agreement, (ii) the Waiver Agreement, (iii) the Amended and Restated Purchase Agreement, (iv) the AIA SPV Intercompany Loan Agreement, (v) the ALICO SPV Intercompany Loan Agreement, (vi) the Intercompany Guarantee and Pledge Agreement, (vii) the Registration Rights Agreement, (viii) the Warrant Letter Agreement, (ix) the Warrant Agreement and (x) the Trust Agreement.

**Trust** means the trust designated as the AIG Credit Facility Trust established for the sole benefit of the United States Treasury under the Trust Agreement.

**Trust Agreement** means the AIG Credit Facility Trust Agreement dated as of January 16, 2009 among the FRBNY and Jill M. Considine, Chester B. Feldberg and Douglas L. Foshee, as trustees.

**Table of Contents**

**Trustee** means any current, former or future trustee of the Trust acting in his or her capacity as such trustee.

**Waiver Agreement** means the letter agreement dated as of October 28, 2010 among AIG, the ALICO SPV, the AIA SPV and the FRBNY.

**Warrant Agreement** means the warrant agreement to be dated prior to the Closing Date, substantially in the form of Exhibit F.

**Warrant Letter Agreement** means the letter agreement dated as of the Closing Date between AIG and the UST, substantially in the form of Exhibit G.

**Wholly Owned Subsidiary** means, with respect to any specified Person, a Subsidiary of such Person of which securities (except directors' qualifying shares) or other ownership interests representing one hundred percent (100%) of the Equity Interests of such Subsidiary are, at the time any determination is being made, owned, controlled or held by such Person or one or more wholly owned Subsidiaries of such Person or by such Person and one or more wholly owned Subsidiaries of such Person.

(b) Each of the following terms is defined in the Section set forth opposite such term:

<b>Term</b>	<b>Section</b>
Agreement	Preamble
AIA/ALICO Purchase Price	4.02(a)
AIA IPO	7.03(b)(iii)
AIA SPV	Preamble
AIA SPV Closing Tax Estimate	3.03(c)
AIG	Preamble
AIG Board	5.05(c)
AIG Financial Statements	5.10
AIG Information Statement	9.02(b)(i)
AIG Reports	5.12(a)
AIG Stockholder Approval	5.05(a)
ALICO Indemnification Claim	7.09(b)
ALICO Indemnity Capital Contribution	7.09(a)(i)
ALICO Post-Closing Payment	7.09(a)(i)
ALICO SPV	Preamble
ALICO SPV Closing Tax Estimate	3.03(c)
ALICO True-Up Letter	3.03(b)
Bankruptcy Exceptions	5.04
Business Combination	12.06(b)(ii)
Business Plan	8.02(a)
Capitalization Date	5.02(a)
Closing	2.01
Compelled Disposal Entity	8.06

**Table of Contents**

<b>Term</b>	<b>Section</b>
Compelled Monetization Notice	8.06
Compelled Monetization Transaction	8.06
Consent Request Contact	8.01(b)
Contract Price	8.01(a)(v)
Covered Employee	6.03(b)
Designated Cash Proceeds	3.02(b)(ii)
Designated Cash Proceeds Escrow Account	3.02
Designated Cash Escrowed Funds	3.02(c)
Disposition Demand	7.03(b)(iii)
Disposition Demanding Member	7.03(b)(iii)
EDGAR	6.01(e)
End Date	11.01(b)(i)
Equity Consideration	7.09(a)(i)
ERISA	5.18(a)
Exchanged Securities	5.03
Foreclosure Payment	7.10(b)
FRBNY	Preamble
FRBNY Payoff Time	4.03
Global Coordinators	8.07(a)
Indemnatee	9.07(a)
Investment Bank	8.06
Losses	9.08(b)
Observers	6.05
Payoff Letter	3.01(c)(ii)
Payoff Reduction	7.10(a)(i)
Permits	5.17
Plan	5.18
Proprietary Rights	5.25(a)
Purchased AIA/ALICO Preferred Units	4.02
Recapitalization	Recitals
Regulatory Agreement	5.23
Required Regulatory Approvals	10.01(d)
Retained Right	7.03(a)(i)
Senior Executive Officers	6.03(b)(i)
Senior Partners	6.03(b)(i)
Series C Exchanged Shares	4.05
Series E Exchanged Shares	4.06
Series F Closing Drawdown Amount	4.01(b)
Series G Designated Amount	4.01(a)
Significant Action	8.01(a)
Significant Action Request Notice	8.01(b)
Special Dividend	9.04
SPVs	Preamble
SPV Capital Contribution	3.04
SPV Intercompany Loan	3.03(a)

**Table of Contents**

<b>Term</b>	<b>Section</b>
SPV Section 338 Payment Amount	7.09(a)
Stock Issuance	5.05(a)
Tax	5.19
Trust Indemnitee	9.08(b)
Trust Policy	9.09(a)
Trust Written Consent	9.02(a)
UST	Preamble
Waived Amounts	3.03(a)
Warrants	9.04

Section 1.02. *Other Definitional and Interpretative Provisions.* When a reference is made in this Agreement to recitals, Articles, Sections, Exhibits, or Annexes such reference shall be to a recital, Article or Section of, or Exhibit to, this Agreement, including any Section of the AIG Disclosure Schedule. The terms defined in the singular have a comparable meaning when used in the plural, and vice versa. References to herein, hereof, hereunder and the like refer to this Agreement as a whole and not to any particular section or provision, unless expressly stated otherwise herein. The table of contents and headings contained in this Agreement are for reference purposes only and are not part of this Agreement. Whenever the words include, includes or including are used in this Agreement, they shall be deemed followed by the words without limitation. Writing, written and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. No rule of construction against the draftsperson shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel. All references to \$ or dollars mean the lawful currency of the United States of America. Except as expressly stated in this Agreement, all references to any statute, rule or regulation are to the statute, rule or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and to any section of any statute, rule or regulation include any successor to the section. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. References to any Person include the successors and permitted assigns of that Person.

## ARTICLE 2

## The Closing

Section 2.01. *Closing.* The closing of the Recapitalization (the **Closing**) shall take place in New York City at the offices of Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York, 10017 as soon as possible, but in any event no later than five Business Days after the date the

**Table of Contents**

conditions set forth in Article 10 (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or, to the extent permissible, waiver of those conditions at the Closing) have been satisfied or, to the extent permissible, waived by the party or parties entitled to the benefit of such conditions, or at such other place, at such other time or on such other date as AIG, the FRBNY, the UST and the Trust may mutually agree.

Section 2.02. *Order of Completion of Transactions.* The transactions to be effected at the Closing pursuant to the Transaction Documents shall occur in the order listed below, all of which will be deemed to occur contemporaneously at the Closing:

(a) The Waived Amounts will be released from the Escrow Accounts pursuant to Section 3.03, the SPVs will make SPV Intercompany Loans to AIG in accordance with, and in the amounts specified in, Section 3.03, and the remaining Waived Amounts, if any, will be distributed and/or otherwise dealt with at the Closing in accordance with Section 3.03;

(b) All outstanding Loans together with accrued and unpaid interest thereon and any other amounts outstanding under the FRBNY Credit Facility at or as of the Closing (including any fees or other amounts that may become due upon termination of the FRBNY Credit Facility) will be repaid by AIG in full in accordance with Section 3.01;

(c) All Designated Cash Escrowed Funds will be released from escrow and applied at the Closing in accordance with Section 3.02 to repay a portion of the SPV Intercompany Loans, and to be distributed and/or otherwise dealt with in accordance with the AIA SPV LLC Agreement, the ALICO SPV LLC Agreement, Section 4.03 hereof and the Intercompany Guarantee and Pledge Agreement, as applicable;

(d) AIG will draw the Series F Closing Drawdown Amount in accordance with Section 4.01(b);

(e) AIG will deliver the AIA/ALICO Purchase Price to the FRBNY and the FRBNY will deliver all of the Purchased AIA/ALICO Preferred Units to AIG in each case in accordance with Section 4.02;

(f) AIG will issue the Series C Exchanged Shares to the Trust in exchange for the Trust delivering all of the shares of Series C Preferred Stock to AIG in accordance with Section 4.05;

(g) AIG, the UST and the FRBNY will enter into the Amended and Restated Purchase Agreement pursuant to Section 4.04 and simultaneously therewith, and in accordance with the terms and subject to the conditions set forth in the Amended and Restated Purchase Agreement, (i) the shares of Series F Preferred Stock will be exchanged with AIG for the Purchased AIA/ALICO

**Table of Contents**

Preferred Units, shares of Series G Preferred Stock (if applicable) and the Series F Exchanged Shares and (ii) if applicable, a portion of the Series F Drawdown Right will be exchanged for the Series G Drawdown Right;

(h) AIG will issue the Series E Exchanged Shares to the UST in exchange for the UST delivering all of the shares of Series E Preferred Stock to AIG in accordance with Section 4.06; and

(i) The Trust will deliver the Series C Exchanged Shares pursuant to Section 9.08(f), and the Trust shall terminate, in accordance with the terms of the Trust Agreement.

Section 2.03. *Closing Deliverables*. Upon the terms and subject to the conditions set forth in this Agreement:

(a) AIG Closing Deliverables. At the Closing, AIG will deliver, or cause to be delivered, the following documents or instruments:

(i) AIG will deliver to the Trust certificates in proper form evidencing the Series C Exchanged Shares;

(ii) AIG will deliver to the UST certificates in proper form evidencing the Series E Exchanged Shares;

(iii) AIG will deliver to the UST certificates in proper form evidencing the Series F Exchanged Shares;

(iv) AIG will deliver to the UST certificates in proper form evidencing the shares, if any, of Series G Preferred Stock to be issued;

(v) AIG will deliver to the UST certificates in proper form evidencing the Purchased AIA/ALICO Preferred Units duly endorsed or accompanied by proper evidence of transfer and assignment;

(vi) AIG shall cause each SPV to update Schedule I to its SPV LLC Agreement and its books and records to reflect the transfer of the Purchased AIA/ALICO Preferred Units in accordance with this Agreement and the Amended and Restated Purchase Agreement;

(vii) AIG will deliver to the other parties counterparts to each of the Transaction Documents to be entered into at the Closing to which AIG and/or any of the SPVs is a party executed by AIG and/or one or both of the SPVs, as applicable;

(viii) AIG will provide the UST with evidence that the filing of the Series G Certificate of Designations has been accepted by the Secretary of State of the State of Delaware;



**Table of Contents**

(ix) AIG will file a certificate of cancellation of the certificate of designations for each of the Series C Preferred Stock, Series E Preferred Stock and Series F Preferred Stock with the Secretary of State of the State of Delaware;

(x) in accordance with the Existing Series F Purchase Agreement, AIG will provide to the UST an outline, in a form reasonably satisfactory to the UST, of the expected uses by AIG of the Series F Closing Drawdown Amount;

(xi) AIG will deliver to the FRBNY \$500,000 by wire transfer of immediately available funds to an account designated by the FRBNY in writing prior to the Closing;

(xii) AIG will deliver to the FRBNY, the UST and the Trust the certificate contemplated by Section 10.02(a)(iii);

(xiii) AIG will deliver to the UST the written opinion contemplated by Section 10.02(c);

(xiv) AIG will deliver to the Trust the written opinion contemplated by Section 10.02(d); and

(xv) AIG will deliver to the UST a written opinion from counsel to AIG (which may be internal counsel), addressed to the UST and dated as of the Closing Date, in substantially the form attached as Annex C to the Existing Series F Purchase Agreement.

(b) FRBNY Closing Deliverables. At the Closing, the FRBNY will deliver, or cause to be delivered, the following documents or instruments:

(i) the FRBNY will deliver the Payoff Letter to AIG;

(ii) the FRBNY will deliver to AIG certificates in proper form evidencing the Purchased AIA/ALICO Preferred Units duly endorsed or accompanied by proper evidence of transfer and assignment; and

(iii) the FRBNY will deliver to the other parties counterparts to each of the Transaction Documents to be entered into at the Closing to which the FRBNY is a party executed by the FRBNY.

(c) UST Closing Deliverables. At the Closing, the UST will deliver, or cause to be delivered, the following documents or instruments:

(i) the UST will deliver to AIG the certificates for all of the shares of Series E Preferred Stock duly endorsed or accompanied by stock powers duly endorsed in blank;

**Table of Contents**

(ii) in accordance with the Amended and Restated Purchase Agreement, the UST will deliver to AIG the certificates for all of the shares of Series F Preferred Stock duly endorsed or accompanied by stock powers duly endorsed in blank;

(iii) the UST will deliver to the other parties counterparts to each of the Transaction Documents to be entered into at the Closing to which the UST is a party executed by the UST; and

(iv) the UST will execute and deliver to AIG a joinder agreement to each of the SPV LLC Agreements in the form of Schedule VI to each such agreement.

(d) Trust Closing Deliverables. At the Closing, the Trust will deliver, or cause to be delivered, the following documents or instruments:

(i) the Trust will deliver to AIG the certificates for all of the shares of Series C Preferred Stock duly endorsed or accompanied by stock powers duly endorsed in blank;

(ii) the Trust will deliver the certificates for the Series C Exchanged Shares received from AIG pursuant to Section 9.08(f) duly endorsed or accompanied by stock powers duly endorsed in blank;

(iii) the Trust will deliver to the other parties counterparts to each of the Transaction Documents to be entered into at the Closing to which the Trust is a party executed by the Trustees acting on behalf of the Trust.

ARTICLE 3

Repayment of FRBNY Credit Facility; SPV Intercompany Loans; SPV  
Capital Contributions

Section 3.01. *Repayment of FRBNY Credit Facility; Termination of FRBNY Credit Facility.* (a) At the Closing, AIG shall repay, or cause to be repaid, any and all outstanding Loans together with accrued and unpaid interest thereon and any other amounts outstanding under the FRBNY Credit Facility (including any fees or other amounts that may become due upon termination of the FRBNY Credit Facility) at the Closing in accordance with and pursuant to the terms of the FRBNY Credit Facility.

(b) AIG shall not (and shall not permit any of its Subsidiaries to) use either (i) without the prior written consent of the FRBNY and the UST, any proceeds of the Series F Drawdown Right or (ii) without the prior written consent (after prior consultation with the UST) of the FRBNY, cash distributions in respect of the Designated Interests and Net Proceeds from the sale or disposal of

**Table of Contents**

any of the Designated Interests (collectively, the **Designated Cash Proceeds** ) to repay all or any portion of the amounts outstanding under the FRBNY Credit Facility at any time on or prior to the Closing. The FRBNY, as the lender under the FRBNY Credit Facility, hereby waives any requirement for the mandatory prepayment of the Loans and accrued and unpaid interest thereon arising from the receipt of the Designated Cash Proceeds for so long as this Agreement shall remain in effect.

(c) At the Closing, subject to but immediately after giving effect to the repayment required by Section 3.01(a): (i) (A) the commitment under the FRBNY Credit Facility shall terminate (without regard to any provision thereof that requires advance notice of such termination), (B) the FRBNY Credit Facility shall terminate and be of no further force or effect except for provisions thereof (other than Section 5.11 thereof) that by their terms survive termination thereof, (C) all Liens granted by AIG and its Subsidiaries under or in connection with the FRBNY Credit Facility with respect to the assets of AIG and its Subsidiaries shall be terminated and released and (D) all guarantees made by AIG and its Subsidiaries to the FRBNY in connection with or with respect to the FRBNY Credit Facility shall terminate and be of no further force or effect; and (ii) the FRBNY shall deliver to AIG (A) a payoff letter executed by the FRBNY (the **Payoff Letter** ) substantially in the form of Exhibit H, which will, among other things, confirm that the Release Conditions (as defined in the FRBNY Guarantee and Pledge Agreement) have been satisfied and provide authorization for the filing of all necessary UCC-3 termination statements, the termination of any control agreements relating to accounts of AIG and its Subsidiaries and other necessary documentation in connection with the release or termination of such Liens securing the FRBNY Credit Facility and (B) any collateral held in the possession of the FRBNY. The FRBNY, as the lender under the FRBNY Credit Facility, hereby waives (solely with respect to the repayment required by Section 3.01(a)) any requirement set forth in the FRBNY Credit Facility that AIG provide notice prior to prepayment of the Loans under the FRBNY Credit Facility. To the extent that the deliveries by the FRBNY or other actions under this Section 3.01(c) are insufficient to terminate and release any Lien granted by AIG and its Subsidiaries under or in connection with the FRBNY Credit Facility, or otherwise evidence the actions contemplated by this Section 3.01(c), the FRBNY agrees (at AIG's sole cost and expense) to execute and deliver such forms, instruments or other documents as AIG may reasonably request and submit to the FRBNY or take any other action in furtherance of this Section 3.01(c) as AIG may reasonably request.

Section 3.02. *Designated Cash Proceeds Received Prior to Closing.* AIG shall deposit, or cause to be deposited, all Designated Cash Proceeds received by AIG or any Guarantor or Pledgor (as such terms are defined in the Intercompany Guarantee and Pledge Agreement) prior to the Closing into an escrow account (the **Designated Cash Proceeds Escrow Account** ) with the FRBNY to be held in escrow on the following terms:

**Table of Contents**

(a) AIG hereby appoints the FRBNY as its agent, under Sections 3.02(d) and (e), to act in accordance with this Agreement and the FRBNY hereby accepts such appointment, *provided* that the FRBNY shall not owe any fiduciary duty to AIG in connection with such appointment;

(b) the FRBNY shall (i) establish on its books the Designated Cash Proceeds Escrow Account and (ii) upon AIG's notice to the FRBNY that it or any Guarantor or Pledgor (as such terms are defined in the Intercompany Guarantee and Pledge Agreement) expects to receive Designated Cash Proceeds, provide AIG with specific wiring instructions for such account;

(c) as promptly as practicable (but in no event later than one Business Day) following the receipt by AIG or any Guarantor or Pledgor (as such terms are defined in the Intercompany Guarantee and Pledge Agreement) of any Designated Cash Proceeds (or, if such Designated Cash Proceeds were first received in a currency other than U.S. dollars, no later than seven (7) Business Days following the receipt thereof), AIG shall deposit or cause to be deposited all such Designated Cash Proceeds in the Designated Cash Proceeds Escrow Account (the **Designated Cash Escrowed Funds**);

(d) unless otherwise agreed by the FRBNY, the UST and AIG, the Designated Cash Proceeds shall remain uninvested in the Designated Cash Proceeds Escrow Account; and

(e) the FRBNY shall hold the Designated Cash Escrowed Funds in the Designated Cash Proceeds Escrow Account and shall release the Designated Cash Escrowed Funds only as follows:

(i) at the Closing, in the order specified in Section 2.02, the Designated Cash Escrowed Funds shall be released from the Designated Cash Proceeds Escrow Account and applied as repayment of the amounts outstanding under the SPV Intercompany Loans (allocated between the SPVs in the same manner as Designated Cash Proceeds received following the Closing would be allocated pursuant to the Intercompany Guarantee and Pledge Agreement) and immediately thereafter, each SPV shall distribute the Designated Cash Escrowed Funds received in connection with such repayment in accordance with the AIA SPV LLC Agreement, the ALICO SPV LLC Agreement, Section 4.03 hereof and the Intercompany Guarantee and Pledge Agreement, as applicable; *provided, however*, that any amount of the Designated Cash Escrowed Funds that would not be required to be applied as repayment of the amounts outstanding under either SPV Intercompany Loan if received as Designated Cash Proceeds following the Closing, in accordance with Section 4(a) of the Intercompany Guarantee and Pledge Agreement, will instead be distributed to AIG;

**Table of Contents**

(ii) if this Agreement shall terminate for any reason, then, with immediate effect, the Designated Cash Escrowed Funds shall be released from the Designated Cash Proceeds Escrow Account and applied to prepay outstanding Loans and accrued and unpaid interest thereon (with the remaining balance, if any, thereafter distributed to AIG) and simultaneously with such prepayment the Commitment under and as defined in the FRBNY Credit Facility shall be automatically and permanently reduced pursuant to the terms of the FRBNY Credit Facility as though such prepayment were a mandatory prepayment; and

(iii) as otherwise agreed by the FRBNY, AIG and the UST.

Section 3.03. *SPV Intercompany Loans; Waiver Agreement.* (a) At the Closing, all amounts subject to the Waiver Agreement and held in the Escrow Accounts immediately prior to the Closing (collectively, and together with all interest and profits, if any, earned thereon in accordance with the Waiver Agreement, the **Waived Amounts** ) shall be released from the Escrow Accounts and (except, in the case of the ALICO SPV, for the ALICO True-Up Amount and the ALICO SPV Closing Tax Estimate and, in the case of the AIA SPV, the AIA SPV Closing Tax Estimate) shall be immediately advanced by the SPVs to AIG in the form of secured non-recourse intercompany loans (each, an **SPV Intercompany Loan** ) having the terms set forth in the AIA SPV Intercompany Loan Agreement, in the case of the loan made by the AIA SPV, and the ALICO SPV Intercompany Loan Agreement, in the case of the loan made by the ALICO SPV; *provided, however*, that if the Waived Amounts (excluding the ALICO True-Up Amount, the ALICO SPV Closing Tax Estimate and the AIA SPV Closing Tax Estimate) are in excess of all outstanding Loans together with accrued and unpaid interest thereon and any other amounts outstanding under the FRBNY Credit Facility (including any fees or other amounts that may become due upon termination of the FRBNY Credit Facility), (i) the aggregate amount of the SPV Intercompany Loans shall be reduced by the amount of such excess (such reduction allocated to each SPV, unless otherwise agreed by the FRBNY and the UST in writing, on a *pro rata* basis based on the relative amounts held in each SPV's Escrow Account (disregarding, in the case of the ALICO SPV, the ALICO True-Up Amount and the ALICO SPV Closing Tax Estimate and, in the case of the AIA SPV, the AIA SPV Closing Tax Estimate)) and (ii) any Waived Amounts (excluding the ALICO True-Up Amount, the ALICO SPV Closing Tax Estimate and the AIA SPV Closing Tax Estimate) that are not advanced to AIG as SPV Intercompany Loans shall be distributed and/or otherwise dealt with at the Closing to the members of each SPV in accordance with the AIA SPV LLC Agreement, the ALICO SPV LLC Agreement, Section 4.03 hereof and the Intercompany Guarantee and Pledge Agreement, as applicable.

(b) At the Closing, a portion of the Waived Amounts equal to the ALICO True-Up Amount shall be distributed to AIG as payment pursuant to that certain letter agreement relating to the **True-Up Amount** dated as of June 28, 2010 among the ALICO SPV, AIG and the FRBNY (the **ALICO True-Up**

**Table of Contents**

**Letter** ). For the avoidance of doubt, the amount distributed to AIG pursuant to the foregoing sentence shall not constitute Net Proceeds or otherwise be required to be used to repay either SPV Intercompany Loan. For so long as there is a Rights Holder, the ALICO SPV shall not make any payment (other than the ALICO True-Up Amount) pursuant to the ALICO True-Up Letter without the consent of the Rights Holder.

(c) At least 10 Business Days prior to the Closing, AIG shall provide to the FRBNY and the UST a good faith estimate, which sets forth in reasonable detail the calculations giving rise to such estimate, of the Taxes to be paid in cash that are reasonably expected to be due on any deemed or actual income, interest or original issue discount required to be accrued on the ALICO SPV Intercompany Loan and the AIA SPV Intercompany Loan and the Escrow Accounts within the first 12 months following the Closing based on assumptions believed to be reasonable as of such date in light of conditions and facts then known (which estimate may, in the case of each SPV Intercompany Loan, be expressed as a formula based on the anticipated principal amount of such SPV Intercompany Loan at the Closing). Following the delivery of such estimate and prior to the Closing, AIG, the FRBNY and the UST shall negotiate in good faith and mutually agree in writing on the appropriate amount of an estimate for such Taxes with respect to each of the ALICO SPV and the AIA SPV based on assumptions believed to be reasonable as of such date in light of conditions and facts then known (such agreed amount, in the case of the ALICO SPV, the **ALICO SPV Closing Tax Estimate** , and, in the case of the AIA SPV, the **AIA SPV Closing Tax Estimate** ). At the Closing, a portion of the Waived Amounts equal to the ALICO SPV Closing Tax Estimate and the AIA SPV Closing Tax Estimate shall be released to the ALICO SPV and the AIA SPV, respectively, and, notwithstanding anything in any Transaction Document to the contrary, retained by the ALICO SPV and the AIA SPV, as applicable, solely for future payment to the relevant taxing authorities (or in the case of the AIA SPV, to be distributed to AIG solely for purposes of such payment). Prior to the time that the AIA/ALICO Preferred Redemption has occurred with respect to both SPVs, at the request of either the Rights Holder or AIG, the Rights Holder and AIG shall reevaluate in good faith the remaining balance of the ALICO SPV Closing Tax Estimate and/or the AIA SPV Closing Tax Estimate and determine whether such remaining balance is sufficient to pay future Taxes to be paid in cash that are reasonably expected to be due on any deemed or actual income, interest or original issue discount required to be accrued on the ALICO SPV Intercompany Loan and the AIA SPV Intercompany Loan and the Escrow Accounts within the immediately succeeding 12-month period. If, in connection with such reevaluation, the Rights Holder and AIG shall determine in good faith, based on assumptions then believed to be reasonable in light of conditions and facts then known, that:

(i) the remaining amount of the ALICO SPV Closing Tax Estimate or the AIA SPV Closing Tax Estimate, as the case may be, is not

**Table of Contents**

sufficient to pay such future Taxes that will reasonably be expected to be due within such immediately succeeding 12-month period, then the ALICO SPV or the AIA SPV, as applicable, shall be entitled (notwithstanding anything in any Transaction Document to the contrary) to withhold from future SPV Distributions by such SPV the aggregate amount of the agreed deficiency (which withheld amounts shall be added to, and retained for the same purpose as, the remaining balance of the ALICO SPV Closing Tax Estimate or the AIA SPV Closing Tax Estimate, as the case may be); or

(ii) the remaining amount of the ALICO SPV Closing Tax Estimate or the AIA SPV Closing Tax Estimate, as the case may be, is in excess of such future Taxes that will reasonably be expected to be due within such immediately succeeding 12-month period, then the agreed excess amount shall be distributed in accordance with the relevant SPV LLC Agreement and the Intercompany Guarantee and Pledge Agreement, as applicable, to the same extent as though such excess amount were received by the ALICO SPV or the AIA SPV, as applicable, as payment in respect of the applicable SPV Intercompany Loan.

(d) At the Closing, the Waiver Agreement shall terminate and be of no further force and effect, and, except as otherwise provided in Section 3.03(b) or 3.03(c) hereof, all cash held by each SPV after the initial advancement of the SPV Intercompany Loans or received after such advancement (including funds received in connection with (i) the repayment of the SPV Intercompany Loans, (ii) the SPV Capital Contributions, (iii) the disposition of assets held by such SPV, (iv) in the case of the ALICO SPV, AIG's obligations pursuant to Section 7.09 or (v) otherwise) shall be distributed in accordance with the AIA SPV LLC Agreement, the ALICO SPV LLC Agreement, Section 4.03 hereof and the Intercompany Guarantee and Pledge Agreement, as applicable.

(e) If this Agreement is terminated for any reason, the Waived Amounts will be distributed as set forth in the Waiver Agreement.

Section 3.04. *SPV Capital Contributions.* If an SPV's AIA/ALICO Preferred Redemption has not occurred by the time its SPV Intercompany Loan has been repaid in full, then from and after the repayment of its SPV Intercompany Loan until such time that such SPV's AIA/ALICO Preferred Redemption occurs, AIG shall make, or cause to be made, capital contributions to such SPV (each, an **SPV Capital Contribution**) solely from the Net Proceeds of the Collateral (as such term is defined in the Intercompany Guarantee and Pledge Agreement) and the Designated Interests in the amounts, and at the times, specified in the Intercompany Guarantee and Pledge Agreement.

**Table of Contents**

ARTICLE 4

Exchange of Securities

Section 4.01. *Series G Drawdown Right; Series F Closing Drawdown Amount.* (a) At least five Business Days prior to the Closing, AIG shall designate, by delivering written notice thereof to the FRBNY and the UST, an amount, if any, up to the difference between (i) \$2 billion and (ii) any amounts drawn on the Series F Drawdown Right on or after September 30, 2010 and prior to the Closing as the **Series G Designated Amount**, which amount shall be available to be drawn after the Closing in accordance with the Amended and Restated Purchase Agreement; *provided* that if AIG does not designate any amount as the Series G Designated Amount in accordance with the foregoing, the Series G Designated Amount shall be deemed equal to zero.

(b) At the Closing in accordance with Section 2.02, AIG shall, in accordance with the terms of the Existing Series F Purchase Agreement, draw, and the UST shall fund, an amount (the **Series F Closing Drawdown Amount**) equal to the lesser of:

(i) the excess of (A) the Available Amount (as such term is defined in the Existing Series F Purchase Agreement) as of the Closing over (B) the Series G Designated Amount; and

(ii) the AIA/ALICO Preferred Units Aggregate Amount as of the Closing.

*provided, however*, that if the Series F Drawdown Amount is calculated pursuant to clause (i) above, the Series F Drawdown Amount shall be reduced by the amount, if any, necessary to ensure that only whole AIA/ALICO Preferred Units are purchased pursuant to Section 4.02.

Section 4.02. *Purchase of AIA/ALICO Preferred Units.* (a) Upon the terms and subject to the conditions set forth in this Agreement, AIG agrees to purchase from the FRBNY and the FRBNY agrees to sell, convey, transfer, assign and deliver, or cause to be sold, conveyed, transferred, assigned and delivered, to AIG at the Closing, free and clear of all Liens (other than restrictions on transfer imposed by applicable Law, this Agreement or the SPV LLC Agreements), all of the FRBNY's and its Affiliates' right, title and interest in, to and under a number of AIA/ALICO Preferred Units the aggregate AIA/ALICO Preferred Unit Amounts of which, as of the Closing in accordance with Section 2.02, are equal to the Series F Closing Drawdown Amount (the **Purchased AIA/ALICO Preferred Units**). The purchase price for the Purchased AIA/ALICO Preferred Units (the **AIA/ALICO Purchase Price**) shall be equal to, and funded solely from, the Series F Closing Drawdown Amount. At the Closing, AIG shall deliver or cause to be delivered the AIA/ALICO Purchase Price to the FRBNY by wire transfer of immediately available funds to an account designated by the FRBNY in writing prior to the Closing.



**Table of Contents**

(b) Unless otherwise agreed in writing by the FRBNY and the UST:

(i) the Purchased AIA/ALICO Preferred Units shall be allocated between the AIA Preferred Units and ALICO Preferred Units on a *pro rata* basis in accordance with the relative AIA Liquidation Preference and ALICO Liquidation Preference at that time; and

(ii) the ALICO Preferred Units constituting a portion of the Purchased AIA/ALICO Preferred Units shall be allocated between the ALICO Junior Preferred Units and ALICO Senior Preferred Units on a *pro rata* basis in accordance with the relative ALICO Junior Liquidation Preference and ALICO Senior Liquidation Preference at that time.

Section 4.03. *Subordination of UST Held Preferred Units.* From and after the Closing, notwithstanding anything in this Agreement or either SPV LLC Agreement to the contrary, AIG, the AIA SPV, the ALICO SPV, the UST and the FRBNY agree that:

(a) If the FRBNY holds any AIA/ALICO Preferred Units of either SPV immediately after the Closing, until such time as such SPV's FRBNY SPV Payoff Amount is zero (the **FRBNY Payoff Time**), (i) the AIA/ALICO Preferred Units of such SPV held by the UST shall be subordinated and junior in right of payment to any and all of the AIA/ALICO Preferred Units of such SPV held by the FRBNY, (ii) no SPV Distributions shall be made to the UST in respect of the AIA/ALICO Preferred Units of such SPV held by the UST and (iii) all SPV Distributions that would otherwise be paid to the UST in respect of the AIA/ALICO Preferred Units of such SPV held by the UST shall be paid to the FRBNY.

(b) Each SPV shall, and AIG shall cause each SPV to, make all SPV Distributions in accordance with, and the UST hereby agrees with the FRBNY, AIG and each SPV that it shall not demand, accept or receive any SPV Distribution in violation of, the provisions of this Section 4.03. If, notwithstanding the foregoing, the UST receives any SPV Distribution in respect of the AIA/ALICO Preferred Units of either SPV prior to such SPV's FRBNY Payoff Time, the UST shall hold such SPV Distribution in trust for the benefit of, and shall immediately pay over and deliver such SPV Distribution to, the FRBNY.

(c) If the FRBNY holds any AIA/ALICO Preferred Units of an SPV at such SPV's FRBNY Payoff Time, the FRBNY shall promptly convey, transfer, assign and deliver to the UST all of its right, title and interest in, to and under such AIA/ALICO Preferred Units by delivering to the UST certificates in proper form evidencing such AIA/ALICO Preferred Units duly endorsed or accompanied by proper evidence of transfer and assignment. If the FRBNY receives any SPV Distribution in respect of the AIA/ALICO Preferred Units of either SPV after such SPV's FRBNY Payoff Time, the FRBNY shall hold such SPV Distribution

**Table of Contents**

in trust for the benefit of, and shall immediately pay over and deliver such SPV Distribution to, the UST.

(d) For the avoidance of doubt, any SPV Distributions made in respect of the AIA/ALICO Preferred Units of either SPV in accordance with the distribution provisions of the applicable SPV LLC Agreement and this Section 4.03 shall reduce the AIA/ALICO Liquidation Preference of all AIA/ALICO Preferred Units of such SPV on a *pro rata* basis in accordance with the applicable SPV LLC Agreement.

(e) The provisions of this Section 4.03 (i) shall be binding on any Person to which either the FRBNY or the UST transfers any AIA/ALICO Preferred Units, other than in the case of the FRBNY where such transferee is the UST, and (ii) shall apply to each such transferee as though (A) in the case of any transferee of the FRBNY, such transferee were the FRBNY and such transferee's AIA/ALICO Preferred Units were held by the FRBNY, and (B) in the case of any transferee of the UST, such transferee were the UST and such transferee's AIA/ALICO Preferred Units were held by the UST.

Section 4.04. *Amendment and Restatement of Existing Series F Purchase Agreement; Series G Certificate of Designations.* (a) At the Closing in the order specified in Section 2.02, AIG, the UST and, for the limited purposes specified therein, the FRBNY shall enter into the Amended and Restated Purchase Agreement, which shall amend and restate the Existing Series F Purchase Agreement in its entirety to, among other things, provide for (i) the exchange of the shares of Series F Preferred Stock for the Purchased AIA/ALICO Preferred Units, shares of Series G Preferred Stock (if applicable) and the Series F Exchanged Shares and (ii) if AIG designates a Series G Designated Amount, the exchange of a portion of the Series F Drawdown Right for the Series G Drawdown Right, in each case upon the terms and subject to the conditions set forth in the Amended and Restated Purchase Agreement.

(b) Immediately prior to the Closing, AIG shall file the Series G Certificate of Designations with the Secretary of State of the State of Delaware.

(c) For federal, state and local income tax purposes, unless otherwise required by Law, AIG shall treat its participation in the transfers set forth in Sections 4.02 and 4.04 of this Agreement relating to the AIA/ALICO Preferred Units as an intermediate step in a single integrated transaction, and treat similarly any subsequent similar transfers.

Section 4.05. *Exchange of Series C Preferred Stock; Termination of Trust.* On the terms and subject to the conditions set forth in this Agreement, at the Closing, (a) AIG agrees to issue 562,868,096 shares of AIG Common Stock (such shares, the **Series C Exchanged Shares**) to the Trust, and (b) the Trust agrees to deliver to AIG, free and clear of all Liens, all of the shares of Series C Preferred Stock in exchange for the Series C Exchanged Shares. Immediately

**Table of Contents**

following such exchange, the certificates evidencing the Series C Exchanged Shares and all other property of the Trust shall be delivered pursuant to Section 9.08(f), and the Trust will thereafter terminate in accordance with the terms of the Trust Agreement.

Section 4.06. *Exchange of Series E Preferred Stock.* On the terms and subject to the conditions set forth in this Agreement, AIG agrees to issue at the Closing 924,546,133 shares of AIG Common Stock (such shares, the **Series E Exchanged Shares** ) to the UST in exchange for all of the shares of Series E Preferred Stock, and the UST agrees to deliver to AIG at the Closing, free and clear of all Liens, all of the shares of Series E Preferred Stock in exchange for the Series E Exchanged Shares.

Section 4.07. *Cancellation of Preferred Shares.* Upon delivery of the shares of Series C Preferred Stock, Series E Preferred Stock and Series F Preferred Stock to AIG at the Closing in accordance with this Agreement and the Amended and Restated Purchase Agreement, the shares of Series C Preferred Stock, Series E Preferred Stock and Series F Preferred Stock shall be cancelled, shall revert to authorized but unissued shares of preferred stock of AIG undesignated as to series and shall not be reissued as Series C Preferred Stock, Series E Preferred Stock or Series F Preferred Stock, as applicable.

Section 4.08. *Legends.* (a) Each of the Trust and the UST agrees that all certificates or other instruments representing, in the case of the Trust, the Series C Exchanged Shares and, in the case of the UST, the Series C Exchanged Shares, the Series E Exchanged Shares and the Series F Exchanged Shares will bear a legend substantially to the following effect:

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT ), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF OR HEDGED IN ANY MANNER (INCLUDING THROUGH THE ENTRY INTO CASH-SETTLED DERIVATIVE INSTRUMENTS) EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS AND IN COMPLIANCE WITH SUCH LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND SUCH LAWS.

**Table of Contents**

(b) In the event that any of the Series C Exchanged Shares, the Series E Exchanged Shares or the Series F Exchanged Shares (i) become registered under the 1933 Act or (ii) are eligible to be transferred without restriction in accordance with Rule 144 or another exemption from registration under the 1933 Act (other than Rule 144A), AIG shall issue new certificates or other instruments representing such Series C Exchanged Shares, Series E Exchanged Shares or Series F Exchanged Shares, which shall not contain the applicable legends in Section 4.08(a); *provided* that the holder thereof surrenders to AIG the previously issued certificates or other instruments.

ARTICLE 5

Representations and Warranties of AIG

Except as Previously Disclosed, AIG represents and warrants to the FRBNY, the UST and the Trust that as of the date hereof and as of the Closing Date:

Section 5.01. *Organization, Authority and Significant Subsidiaries.* Each of AIG, the AIA SPV and the ALICO SPV has been duly organized and is validly existing and in good standing (or the equivalent, if any, in the applicable jurisdiction) under the laws of its jurisdiction of organization, with the necessary power and authority to own its properties and conduct its business in all material respects as currently conducted. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, an AIG Material Adverse Effect, each of AIG, the AIA SPV and the ALICO SPV has been duly qualified as a foreign corporation, limited liability company or other organization for the transaction of business and is in good standing (or the equivalent, if any, in the applicable jurisdiction) under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, an AIG Material Adverse Effect, each Subsidiary of AIG that is a significant subsidiary within the meaning of Rule 1-02(w) of Regulation S-X under the 1933 Act is duly organized and is validly existing in good standing (or the equivalent, if any, in the applicable jurisdiction) under the laws of its jurisdiction of organization, with the necessary power and authority to own its properties and conduct its business, and has been duly qualified as a foreign corporation, limited liability company or other organization for the transaction of business and is in good standing (or the equivalent, if any, in the applicable jurisdiction) under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification. The certificate of incorporation and bylaws of AIG, copies of which have been provided to the FRBNY, the UST and the Trust prior to the date hereof, are true, complete and correct copies of such documents as in full force and effect as of the date hereof.

**Table of Contents**

Section 5.02. *Capitalization.* (a) The authorized capital stock of AIG and the outstanding capital stock of AIG (including securities convertible into, or exercisable or exchangeable for, capital stock of AIG) as of the most recent fiscal month-end preceding the date hereof, or such other date as the parties may agree (the **Capitalization Date**), is set forth on Section 5.02 of the AIG Disclosure Schedule. The outstanding shares of capital stock of AIG have been duly authorized and are validly issued and outstanding, fully paid and non-assessable, and subject to no preemptive rights (and were not issued in violation of any preemptive rights). As of the date hereof, AIG does not have outstanding any securities or other obligations providing the holder the right to acquire AIG Common Stock that is not reserved for issuance, and AIG has not made any other commitment to authorize, issue or sell any AIG Common Stock, except as disclosed in Section 5.02 of the AIG Disclosure Schedule or as contemplated by the Transaction Documents. Since the Capitalization Date, AIG has not issued any shares of AIG Common Stock, other than (i) shares issued upon the exercise of stock options or delivered under other equity-based awards or other convertible securities or warrants which were issued and outstanding on the Capitalization Date and disclosed on Section 5.02 of the AIG Disclosure Schedule and (ii) any other shares disclosed on Section 5.02 of the AIG Disclosure Schedule.

(b) (i) All of the common membership interests in the AIA SPV and the ALICO SPV are owned by AIG and (ii) the AIA/ALICO Preferred Units are the only preferred membership interests in the AIA SPV and the ALICO SPV outstanding and have been duly authorized and are validly issued and fully paid and non-assessable and have not been issued in violation of any preemptive rights or applicable securities Law.

(c) Other than the SPV LLC Agreements, there are no (i) options, calls, warrants or convertible or exchangeable securities, or conversion, preemptive, subscription or other rights, or agreements, arrangements or commitments, in any such case, obligating or which may obligate the AIA SPV, the ALICO SPV or any of their respective Subsidiaries to issue, sell, purchase, return or redeem any shares of capital stock or equity ownership interests or securities convertible into or exchangeable for any of their shares of capital stock or equity ownership interests; (ii) restricted shares, stock appreciation rights, performance units, contingent value rights, phantom stock or similar securities or rights that are derivative of, or provide economic benefits based, directly or indirectly, on the value or price of, any shares of capital stock or equity ownership interests of the AIA SPV, the ALICO SPV or any of their respective Subsidiaries; or (iii) voting trusts, proxies or other agreements or understandings with respect to the shares of capital stock or ownership interests of the AIA SPV, the ALICO SPV or any of their respective Subsidiaries to which any such Person is a party, or agreements or understandings to which the AIA SPV, the ALICO SPV or any of their respective Subsidiaries is a party relating to the registration, sale or transfer (including agreements relating to rights of first refusal, co-sale rights or drag-along rights) of any such shares of capital stock or equity ownership interests.

**Table of Contents**

Section 5.03. *AIG Common Stock Issued in the Recapitalization; Series G Preferred Stock.* Each of the Series C Exchanged Shares, the Series E Exchanged Shares, the Series F Exchanged Shares and the Series G Preferred Stock (collectively, the **Exchanged Securities** ) has been duly and validly authorized, and, when (and, in the case of the Series G Preferred Stock, if) issued and delivered pursuant to this Agreement or the Amended and Restated Purchase Agreement, as applicable, the Exchanged Securities will be duly and validly issued and fully paid and non-assessable and will not be issued in violation of any preemptive rights. The shares of AIG Common Stock issuable upon conversion of the Series G Preferred Stock (a) have been duly authorized, (b) from and after the time at which the Conversion Price (as defined in the Series G Certificate of Designations) is established, will be reserved for issuance and (c) when so issued in accordance with the terms of the Series G Preferred Stock, will be validly issued, fully paid and non-assessable.

Section 5.04. *Warrants.* The Warrants have been duly authorized and, when issued and delivered pursuant to the Warrant Agreement and this Agreement, will constitute a valid and legally binding obligation of AIG enforceable against AIG in accordance with their terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity ( **Bankruptcy Exceptions** ). The shares of AIG Common Stock issuable upon exercise of the Warrants have been duly authorized and reserved for issuance upon exercise of the Warrants and when so issued in accordance with the terms of the Warrants will be validly issued, fully paid and non-assessable.

Section 5.05. *Authorization, Enforceability.* (a) Each of AIG, the AIA SPV and the ALICO SPV has the corporate power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is party and, subject to receipt of the AIG Stockholder Approval and assuming that all Required Regulatory Approvals are duly made or received, as applicable, to carry out its obligations hereunder and thereunder (which includes the issuance of the Exchanged Securities, the Warrants and the AIG Common Stock issuable upon conversion of the Series G Preferred Stock and exercise of the Warrants). The approval of the issuance of AIG Common Stock in connection with the Recapitalization (including the issuance of the Series C Exchanged Shares, the Series E Exchanged Shares, the Series F Exchanged Shares and the AIG Common Stock issuable upon conversion of the Series G Preferred Stock) (the **Stock Issuance** ) by a majority of the voting power represented by the votes cast by the holders of AIG Common Stock and Series C Preferred Stock voting on the matter (*provided* that the total number of the votes cast represents over fifty percent (50%) of the total voting power eligible to be cast by holders of shares of the outstanding shares of AIG Common Stock and Series C Preferred Stock, voting together as a single class) (the **AIG Stockholder Approval** ) is the only vote or

**Table of Contents**

approval of the holders of any of AIG's capital stock necessary in connection with the consummation of the transactions contemplated hereby and by the other Transaction Documents. The execution, delivery and performance by each of AIG, the AIA SPV and the ALICO SPV of this Agreement and any other Transaction Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby are within its organizational powers and have been duly authorized by all necessary action on its part (except for the AIG Stockholder Approval). Each of this Agreement and the Waiver Agreement constitute, and each other Transaction Document to which AIG, the AIA SPV and/or the ALICO SPV is a party will constitute when executed and delivered, a valid and binding agreement of AIG, the AIA SPV and the ALICO SPV, as applicable, except as the same may be limited by Bankruptcy Exceptions.

(b) When so executed and delivered, the Trust Written Consent shall, when effective under its terms, constitute a valid and effective AIG Stockholder Approval in compliance with applicable Law and the certificate of incorporation and bylaws of AIG and satisfy the voting requirements relating to the Stock Issuance under the rules of the New York Stock Exchange, and no other vote or action of the holders of any class or series of the capital stock of AIG will be necessary under the rules of the New York Stock Exchange, applicable Law, AIG's certificate of incorporation and bylaws or otherwise to consummate the transactions contemplated hereby and by the other Transaction Documents, subject only to the expiration of the 20-calendar-day period referred to in the proviso to Section 10.01(b).

(c) The Board of Directors of AIG (the **AIG Board**), at a meeting duly called and held at which all directors of AIG were present, duly adopted resolutions approving the Transaction Documents and the transactions contemplated by the Transaction Documents, which resolutions have not, as of the date hereof, been subsequently rescinded, modified or withdrawn in any way.

Section 5.06. *Non-contravention*. Subject to receipt of the AIG Stockholder Approval and assuming that all Required Regulatory Approvals are duly made or received, as applicable, the execution, delivery and performance by AIG, the AIA SPV and the ALICO SPV of each of this Agreement and the other Transaction Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby and compliance by AIG, the AIA SPV and the ALICO SPV with the provisions hereof and thereof, will not (a) violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration of, or result in the creation of, any Lien, charge or encumbrance upon any of the properties or assets of AIG or any Subsidiary of AIG under any of the terms, conditions or provisions of (i) their respective organizational documents or (ii) any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which AIG or any Subsidiary of AIG is a party or by which AIG or

**Table of Contents**

any Subsidiary of AIG may be bound, or to which AIG or any Subsidiary of AIG or any of the properties or assets of AIG or any Subsidiary of AIG may be subject, or (b) violate any applicable Law applicable to AIG or any Subsidiary of AIG or any of their respective properties or assets except, in the case of clauses (a)(ii) and (b), for those occurrences that have not had and would not reasonably be expected to have, individually or in the aggregate, an AIG Material Adverse Effect.

Section 5.07. *Governmental Authorization.* Other than the Required Regulatory Approvals, no notices to, filings with, exemptions or reviews by, and authorizations, consents or approvals of, any Governmental Entity required to be made or obtained by any party hereto in connection with the consummation of the transactions contemplated by the Transaction Documents would, if not made or obtained, reasonably be expected to have, individually or in the aggregate, an AIG Material Adverse Effect.

Section 5.08. *Anti-takeover Provisions and Rights Plan.* The AIG Board has taken all necessary action to ensure that the transactions contemplated by this Agreement and the Transaction Documents and the consummation of the transactions contemplated hereby and thereby will be exempt from any anti-takeover or similar provisions of AIG's certificate of incorporation and bylaws, and any other provisions of any applicable moratorium, control share, fair price, interested stockholder or other anti-takeover Laws and regulations of any jurisdiction. AIG has taken all actions necessary to render any stockholders' rights plan of AIG inapplicable to this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

Section 5.09. *Absence of Changes.* Since the last day of the last completed fiscal period for which AIG has filed, prior to the date hereof, a Quarterly Report on Form 10-Q or an Annual Report on Form 10-K with the SEC, through the date hereof, (a) no fact, circumstance, event, change, occurrence, condition or development has occurred that has had or would reasonably be expected to have, individually or in the aggregate, an AIG Material Adverse Effect and (b) except for (i) the regulatory restrictions and other effects arising out of the financial events concerning AIG as announced by AIG on September 16, 2008, (ii) the Recapitalization, (iii) the sale of one hundred percent (100%) of the issued and outstanding capital stock of ALICO to MetLife, (iv) the initial public offering of AIA, (v) the entry into the Star-Edison Transaction Agreements, (vi) efforts to effect a disposition of Nan Shan or a portion of the Nan Shan Interests, (vii) the wind-down of AIGFP and (viii) efforts by ILFC to raise or repay debt or equity capital, the business of AIG and its Subsidiaries has been conducted in the ordinary course.

Section 5.10. *AIG Financial Statements.* The financial statements of AIG and its consolidated Subsidiaries (collectively, the **AIG Financial Statements**) included or incorporated by reference in AIG Reports filed with the SEC since



**Table of Contents**

January 1, 2010, present fairly in all material respects the consolidated financial position of AIG and its consolidated Subsidiaries as of the dates indicated therein (or if amended prior to the date hereof, as of the date of such amendment) and the consolidated results of their operations for the periods specified therein; and except as stated therein, the AIG Financial Statements (a) were prepared in conformity with GAAP applied on a consistent basis (except as may be noted therein), (b) have been prepared from, and are in accordance with, the books and records of AIG and its Subsidiaries and (c) complied as to form, as of their respective dates of filing with the SEC, in all material respects with the applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto.

Section 5.11. *Solvency*. On the Closing Date, immediately after giving effect to the transactions contemplated by this Agreement and the other Transaction Documents, AIG and its Subsidiaries, on a consolidated basis, are Solvent.

Section 5.12. *Reports*. (a) Since January 1, 2010, AIG and each of its Subsidiaries has timely filed (subject to any permitted extension) all reports, registrations, documents, filings, statements and submissions, together with any amendments thereto, that it was required to file with any Governmental Entity (the foregoing, collectively, the **AIG Reports** ) and has paid all fees and assessments due and payable in connection therewith, except, in each case, as would not reasonably be expected to have, individually or in the aggregate, an AIG Material Adverse Effect. As of their respective dates of filing, the AIG Reports complied in all material respects with all Laws of the relevant Governmental Entities. In the case of each such AIG Report filed with or furnished to the SEC, such AIG Report (A) did not, as of its date or if amended prior to the date hereof, as of the date of such amendment, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (B) complied as to form in all material respects with the applicable requirements of the 1933 Act and the 1934 Act. With respect to all other AIG Reports, such AIG Reports were complete and accurate in all material respects as of their respective dates. No executive officer of AIG or any Subsidiary of AIG has failed in any respect to make the certifications required of him or her under Section 302 or 906 of the Sarbanes-Oxley Act of 2002. This Section 5.12 shall not apply with respect to tax returns, which shall be governed solely by the representations made under Section 5.19.

(b) The records, systems, controls, data and information of AIG and AIG's Subsidiaries are recorded, stored, maintained and operated under means (including any electronic, mechanical or photographic process, whether computerized or not) that are under the exclusive ownership and direct control of AIG or AIG's Subsidiaries or their accountants (including all means of access thereto and therefrom), except for any non-exclusive ownership and non-direct control that would not reasonably be expected to have, individually or in the

**Table of Contents**

aggregate, a material adverse effect on the system of internal accounting controls described below in this Section 5.12(b). AIG (i) has implemented and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the 1934 Act) to ensure that material information relating to AIG, including the consolidated Subsidiaries of AIG, is made known to the chief executive officer and the chief financial officer of AIG by others within those entities, and (ii) has disclosed, based on its most recent evaluation prior to the date hereof, to AIG's outside auditors and the audit committee of the AIG Board (x) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting (as defined in Rule 13a-15(f) of the 1934 Act) that are reasonably likely to adversely affect AIG's ability to record, process, summarize and report financial information and (y) any fraud, whether or not material, that involves management or other employees who have a significant role in AIG's internal controls over financial reporting.

Section 5.13. *AIG Information Statement*. The AIG Information Statement and any amendments or supplements thereto will, when filed, comply as to form in all material respects with the applicable requirements of the 1934 Act. At the time the AIG Information Statement or any amendment or supplement thereto is first mailed to the AIG stockholders, the AIG Information Statement, as supplemented or amended, if applicable, will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties contained in this Section 5.13 will not apply to statements or omissions included in the AIG Information Statement based upon information furnished in writing to AIG by the FRBNY, the UST or the Trust specifically for use therein.

Section 5.14. *No Undisclosed Liabilities*. Neither AIG nor any of AIG's Subsidiaries has any liabilities or obligations of any nature (absolute, accrued, contingent or otherwise) which are not properly reflected or reserved against in AIG Financial Statements to the extent required to be so reflected or reserved against in accordance with GAAP, except for (A) liabilities that have arisen since the last day of the fiscal quarter covered by AIG's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as applicable, in the ordinary and usual course of business and consistent with past practice and (B) liabilities that have not had and would not reasonably be expected to have, individually or in the aggregate, an AIG Material Adverse Effect.

Section 5.15. *Offering of Securities*. None of AIG, any of its Subsidiaries or any Person acting on its behalf has taken any action (including any offering of any securities of AIG under circumstances which would require the integration of such offering with the offering of any of the Exchanged Securities or the Purchased AIA/ALICO Preferred Units under the 1933 Act, and the rules and regulations of the SEC promulgated thereunder), which might subject the offering or issuance of any of the Exchanged Securities or the Purchased AIA/ALICO

**Table of Contents**

Preferred Units to the UST or the Trust pursuant to the Transaction Documents to the registration requirements of the 1933 Act.

Section 5.16. *Litigation and Other Proceedings*. Except as would not reasonably be expected to have, individually or in the aggregate, an AIG Material Adverse Effect, there is no (i) pending or, to the knowledge of AIG, threatened, claim, action, suit, investigation or proceeding, against AIG or any Subsidiary of AIG or to which any of their assets are subject nor is AIG or any Subsidiary of AIG subject to any order, judgment or decree or (ii) unresolved violation, criticism or exception by any Governmental Entity with respect to any report or relating to any examinations or inspections of AIG or any Subsidiaries of AIG.

Section 5.17. *Compliance with Laws*. Except as would not, individually or in the aggregate, reasonably be expected to have an AIG Material Adverse Effect, to the knowledge of AIG, AIG and its Subsidiaries have all permits, licenses, franchises, authorizations, orders and approvals of, and have made all filings, applications and registrations with, Governmental Entities that are required in order to permit them to own or lease their properties and assets and to carry on their business as presently conducted and that are material to the business of AIG or such Subsidiary of AIG, including all material licenses, certificates of authority, permits or other authorizations that are required to be obtained from any Governmental Entity in connection with the operation, ownership or transaction of insurance or reinsurance business (collectively, the **Permits** ). To the knowledge of AIG, (a) all Permits are valid and in full force and effect, (b) neither AIG nor any of its Subsidiaries is in default under, or the subject of a proceeding for suspension or revocation of, and, to the knowledge of AIG, no condition exists that with notice or lapse of time or both would constitute a default under, or basis for suspension or revocation of, any Permit and (c) none of the Permits will be terminated or impaired or become terminable, in whole or in part, as a result of the transactions contemplated by the Transaction Documents, except, in the case of each clause (a), (b) and (c), for such invalidity of Permits, such defaults or such conditions that would not reasonably be expected to have, individually or in the aggregate, an AIG Material Adverse Effect. To the knowledge of AIG, AIG and its Subsidiaries have complied in all respects and are not in default or violation of, and none of them is, to the knowledge of AIG, under investigation with respect to or, to the knowledge of AIG, have been threatened to be charged with or given notice of any violation of, any applicable Law, other than such noncompliance, defaults or violations that would not, individually or in the aggregate, reasonably be expected to have an AIG Material Adverse Effect. To the knowledge of AIG, except for statutory or regulatory restrictions of general application or applicable to insurance companies generally and except for restrictions imposed by certain regulators as a result of the financial events concerning AIG as announced by AIG on September 16, 2008, no Governmental Entity has placed any material restriction (other than Permitted Liens) on the business or properties of AIG or any Subsidiary of AIG that would, individually

**Table of Contents**

or in the aggregate, reasonably be expected to have an AIG Material Adverse Effect. This Section 5.17 shall not apply with respect to Taxes.

Section 5.18. *Employee Benefit Matters.* Except as would not reasonably be expected to have, either individually or in the aggregate, an AIG Material Adverse Effect: (a) each employee benefit plan (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974 ( **ERISA** )) providing benefits to any current or former employee, officer or director of AIG or any member of its Controlled Group (defined as any organization which is a member of a controlled group of corporations within the meaning of Section 414 of the Code) that is sponsored, maintained or contributed to by AIG or any member of its Controlled Group and for which AIG or any member of its Controlled Group would have any liability, whether actual or contingent (each, a **Plan** ) has been maintained in material compliance with its terms and with the requirements of all applicable statutes, rules and regulations, including ERISA and the Code; (b) with respect to each Plan subject to Title IV of ERISA (including, for purposes of this clause (b), any plan subject to Title IV of ERISA that AIG or any member of its Controlled Group previously maintained or contributed to in the six years prior to the date hereof), (i) no reportable event (within the meaning of Section 4043(c) of ERISA), other than a reportable event for which the notice period referred to in Section 4043(c) of ERISA has been waived, has occurred in the three years prior to the date hereof or is reasonably expected to occur in the current plan year, (ii) no accumulated funding deficiency (within the meaning of Section 302 of ERISA or Section 412 of the Code), whether or not waived, has occurred in the three years prior to the date hereof or is reasonably expected to occur, (iii) the fair market value of the assets under each Plan exceeds the present value of all benefits accrued under such Plan (determined based on the assumptions used to fund such Plan) as of the last annual valuation date and (iv) neither AIG nor any member of its Controlled Group has incurred in the six years prior to the date hereof, or reasonably expects to incur, any liability under Title IV of ERISA (other than contributions to the Plan or premiums to the Pension Benefit Guaranty Corporation in the ordinary course and without default) in respect of a Plan (including any Plan that is a multiemployer plan , within the meaning of Section 4001(c)(3) of ERISA); and (c) each Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service with respect to its qualified status that has not been revoked, or such a determination letter has been timely applied for but not received by the date hereof, and nothing has occurred, whether by action or by failure to act, which could reasonably be expected to cause the loss, revocation or denial of such qualified status or favorable determination letter.

Section 5.19. *Taxes.* Except as would not, individually or in the aggregate, reasonably be expected to have an AIG Material Adverse Effect, (i) AIG and its Subsidiaries have filed all federal, state, local and foreign income and franchise Tax returns required to be filed through the date hereof, subject to

**Table of Contents**

permitted extensions, and have paid all Taxes due thereon, and (ii) no Tax deficiency has been determined adversely to AIG or any of its Subsidiaries, nor does AIG have any knowledge of any Tax deficiencies. **Tax** or **Taxes** means any federal, state, local or foreign income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, withholding, alternative or add on minimum, ad valorem, transfer or excise tax, or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty, imposed by any Governmental Entity.

Section 5.20. *Properties and Leases*. Except as would not, individually or in the aggregate, reasonably be expected to have an AIG Material Adverse Effect, AIG and its Subsidiaries have good and marketable title to all real properties and all other properties and assets owned by them and used in the operation of their respective businesses, in each case free from Liens, encumbrances, claims and defects (other than Permitted Liens) that would affect the value thereof or interfere with the use made or to be made thereof by them. Except as would not, individually or in the aggregate, reasonably be expected to have an AIG Material Adverse Effect, AIG and its Subsidiaries hold all leased real or personal property under valid and enforceable leases with no exceptions that would interfere with the use made or to be made thereof by them.

Section 5.21. *Environmental Liability*. Except as would not, individually or in the aggregate, reasonably be expected to have an AIG Material Adverse Effect:

(a) there is no legal, administrative, or other proceeding, claim or action of any nature seeking to impose, or that would reasonably be expected to result in the imposition of, on AIG or any Subsidiary of AIG, any liability relating to the release of hazardous substances as defined under any local, state or federal environmental statute, regulation or ordinance, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, pending or, to AIG's knowledge, threatened against AIG or any Subsidiary of AIG;

(b) to AIG's knowledge, there is no reasonable basis for any such proceeding, claim or action; and

(c) neither AIG nor any Subsidiary of AIG is subject to any agreement, order, judgment or decree by or with any court, Governmental Entity or third party imposing any such environmental liability.

Section 5.22. *Risk Management Instruments*. Except as would not, individually or in the aggregate, reasonably be expected to have an AIG Material Adverse Effect, all derivative instruments, including swaps, caps, floors and option agreements, whether entered into for AIG's own account, or for the account of one or more of AIG's Subsidiaries or its or their customers, were entered into (a) only in the ordinary course of business, (b) in accordance with prudent practices and in all material respects with all applicable Laws, rules,

**Table of Contents**

regulations and regulatory policies and (c) with counterparties believed to be financially responsible at the time; and each of such instruments constitutes the valid and legally binding obligation of AIG or one of AIG's Subsidiaries, enforceable in accordance with its terms, except as may be limited by the Bankruptcy Exceptions. None of AIG, any of AIG's Subsidiaries, or, to the knowledge of AIG, any other party thereto, is in breach of any of its obligations under any such agreement or arrangement other than such breaches that would not reasonably be expected to have, individually or in the aggregate, an AIG Material Adverse Effect.

Section 5.23. *Agreements with Regulatory Agencies.* To the knowledge of AIG, neither AIG nor any Subsidiary of AIG is subject to any cease-and-desist or other similar order or enforcement action issued by, or is a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any capital directive by, or since December 31, 2009, has adopted any board resolutions at the request of, any Governmental Entity (other than the primary insurance regulators with jurisdiction over AIG's Subsidiaries) that currently restricts the conduct of its business or that relates to its capital adequacy, its liquidity and funding policies and practices, its ability to pay dividends, its credit, risk management or compliance policies or procedures, its internal controls, its management or its operations or business, except (x) for any Law, regulatory or supervisory guidance or policy or similar authority of general applicability to Persons in a particular business in a particular jurisdiction and (y) as would not reasonably be expected to have, individually or in the aggregate, an AIG Material Adverse Effect. Each item in the immediately preceding sentence, without taking into consideration the parenthetical provided therein or clause (y) (but taking into account clause (x)), is referred to herein as a **Regulatory Agreement**. To the knowledge of AIG, neither AIG nor any Subsidiary of AIG has been advised since December 31, 2009 by any such Governmental Entity that it is considering issuing, initiating, ordering, or requesting any such Regulatory Agreement (other than any such Regulatory Agreement that would not reasonably be expected to have, individually or in the aggregate, an AIG Material Adverse Effect). To the knowledge of AIG, (a) AIG and each Subsidiary of AIG are in compliance with each Regulatory Agreement to which it is party or subject, and (b) neither AIG nor any Subsidiary of AIG has received any notice from any Governmental Entity indicating that either AIG or any Subsidiary of AIG is not in compliance with any such Regulatory Agreement, except, in the case of each clause (a) and (b), as would not reasonably be expected to have, individually or in the aggregate, an AIG Material Adverse Effect.

Section 5.24. *Insurance.* All current property and liability insurance policies covering AIG or any Subsidiary of AIG are in full force and effect (and all premiums due and payable thereon have been paid in full on a timely basis), and no written notice of cancellation, termination or revocation or other written notice that any such insurance policy is no longer in full force or effect or that the

**Table of Contents**

issuer of any such insurance policy is not willing or able to perform its obligations thereunder has been received by AIG or any Subsidiary of AIG, and neither AIG nor any Subsidiary of AIG is in default of any provision thereof, except, in each case, that have not had and would not be reasonably expected to have, individually or in the aggregate, an AIG Material Adverse Effect.

Section 5.25. *Intellectual Property*. Except as would not, individually or in the aggregate, reasonably be expected to have an AIG Material Adverse Effect, (a) AIG and each Subsidiary of AIG owns or otherwise has the right to use, all intellectual property rights, including all trademarks, trade dress, trade names, service marks, domain names, patents, inventions, trade secrets, know-how, works of authorship and copyrights therein, that are used in the conduct of their existing businesses and all rights relating to the plans, design and specifications of any of its branch facilities ( **Proprietary Rights** ) free and clear of all Liens and any claims of ownership by current or former employees, contractors, designers or others and (b) to the knowledge of AIG, neither AIG nor any of AIG's Subsidiaries is materially infringing, diluting, misappropriating or violating, nor has AIG or any or AIG's Subsidiaries received within the last two years any written (or, to the knowledge of AIG, oral) communications alleging that any of them has materially infringed, diluted, misappropriated or violated, any of the Proprietary Rights owned by any other Person. Except as would not, individually or in the aggregate, reasonably be expected to have an AIG Material Adverse Effect, to AIG's knowledge, no other Person is infringing, diluting, misappropriating or violating, nor has AIG or any or AIG's Subsidiaries sent any written communications since January 1, 2010 alleging that any Person has infringed, diluted, misappropriated or violated, any of the Proprietary Rights owned by AIG and AIG's Subsidiaries.

Section 5.26. *Brokers and Finders*. No broker, finder or investment banker is entitled to any financial advisory, brokerage, finder's or other fee or commission in connection with this Agreement or the other Transaction Documents or the transactions contemplated hereby or thereby based upon arrangements made by or on behalf of AIG or any Subsidiary of AIG for which the FRBNY, the UST, the Trust or the Trustees could have any liability.

ARTICLE 6

AIG Governance Related Matters

Section 6.01. *Financial Statements, Reports, Etc.* During the Relevant TARP Period, AIG shall furnish to the UST: (a) within 90 days after the end of each fiscal year, its consolidated balance sheet and related statements of income, stockholders' equity and cash flows showing the financial condition of AIG and its consolidated Subsidiaries as of the close of such fiscal year and the consolidated results of its operations during such year, together with comparative figures for the immediately

**Table of Contents**

preceding fiscal year, all audited by PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing and accompanied by an opinion of such accountants (which opinion shall be without qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements fairly present in all material respects the financial condition and results of operations of AIG and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, together with a customary management discussion and analysis section;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, its unaudited consolidated balance sheet and related statements of income, stockholders' equity and cash flows showing the financial condition of AIG and its consolidated Subsidiaries as of the close of such fiscal quarter and the consolidated results of its operations during such fiscal quarter and the then-elapsed portion of the fiscal year, and comparative figures for the same periods in the immediately preceding fiscal year, all certified by one of its Financial Officers as fairly presenting in all material respects the financial condition and results of operations of AIG and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments, together with a customary management discussion and analysis section;

(c) within 30 days after the end of the first two fiscal months of each fiscal quarter, AIG's estimate of its consolidated financial results for the current quarter and the full fiscal year in which such fiscal month occurs, in total and by segment and individual reporting units (*i.e.*, subsegment), together with comparison to AIG's budgets of comparable information for such periods;

(d) (i) within 45 days following the end of each fiscal quarter of each fiscal year, an update to the budget for the then-current fiscal year, an updated corporate outlook report for the following fiscal year (in substantially the same form as the corresponding reports previously provided to the FRBNY pursuant to Section 5.04(e) of the FRBNY Credit Facility) and (ii) promptly and in any event within five days, notice of any material changes to any of the reports or updated reports referred to in this paragraph (d);

(e) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by AIG or any of its Subsidiaries with the SEC, or any Governmental Entity succeeding to any or all of the functions of the SEC, or with any national securities exchange, or distributed to its shareholders generally, as the case may be (except that AIG and its Subsidiaries shall not be obligated to furnish to the UST copies of such materials so long as (i) such materials are publicly available as posted on the Electronic Data Gathering, Analysis, and Retrieval system ( **EDGAR** ) or are on AIG's website and (ii) AIG has provided the UST with notice that any such materials relating to or reflecting the occurrence of a Material Adverse Regulatory Event or any other event that could reasonably be expected to have a materially



**Table of Contents**

adverse impact upon the business, assets, liabilities, operations, condition (financial or otherwise), operating results or prospects of the Subsidiary of AIG filing such materials or of AIG and its Subsidiaries, taken as a whole, have been so posted);

(f) promptly following delivery thereof to the AIG Board, copies of board packages and presentations;

(g) promptly after the receipt thereof by AIG or any of its Subsidiaries, a copy of any management letter received by any such Person from its certified public accountants and the management's response thereto;

(h) as soon as available but not later than 150 days after the close of each fiscal year of each Insurance Subsidiary of AIG or, if later, 10 days following the date on which the unaudited Annual Statement of each such Insurance Subsidiary (if required to be prepared by the applicable Governmental Entity by applicable Law) is required to be delivered to the applicable Governmental Entity by applicable Law, copies of the unaudited Annual Statement of such Insurance Subsidiary, the Annual Statement and a list of all jurisdictions in which the Annual Statement was filed, to be certified by a Responsible Officer of such Insurance Subsidiary, all such statements to be prepared in accordance with SAP consistently applied throughout the periods reflected therein and, if required by the applicable Governmental Entity, audited and certified by independent certified public accountants of recognized national standing;

(i) as soon as available but not later than 75 days after the close of each of the first three fiscal quarters of each fiscal year of each Insurance Subsidiary of AIG, copies of the Quarterly Statement of such Insurance Subsidiary (if applicable), the Quarterly Statement to be certified by a Responsible Officer of such Insurance Subsidiary, all such statements to be prepared in accordance with SAP consistently applied throughout the period reflected therein;

(j) promptly following the delivery thereof to, or receipt thereof by, AIG or any of its Subsidiaries, any draft or final examination reports, risk-adjusted capital reports or results of any market conduct examination or examination by any Department or the NAIC of the financial condition and operations of, or any notice of any assertion as to violation of any applicable Law by, or any other report with respect to, any Insurance Subsidiary of AIG;

(k) within 90 days after the close of each fiscal year of each Insurance Subsidiary of AIG or, if later, 10 days following the date on which the Statement of Actuarial Opinion and Management Discussion and Analysis for each such Insurance Subsidiary (if required to be prepared by the applicable Governmental Entity by applicable Law) is required to be delivered to the applicable Governmental Entity by applicable Law, a copy of the Statement of Actuarial Opinion and Management Discussion and Analysis for each such Insurance

**Table of Contents**

Subsidiary which is provided to the applicable Department as to the adequacy of loss reserves of such Insurance Subsidiary, such opinion to be in the format prescribed by the insurance code of the state of domicile of such Insurance Subsidiary;

(l) promptly after filing thereof, copies of all annual Form B amendments and all other material amendments to the registration statement of any Insurance Subsidiary of AIG that AIG or such Insurance Subsidiary may file with the applicable Department;

(m) prior to the filing thereof, copies of any proposed filing on Form D and any supporting materials that AIG or any of its Insurance Subsidiaries that is a Domestic Subsidiary intends to file with any applicable Department, and copies of any proposed equivalent filing and any supporting materials that AIG or any of its Insurance Subsidiaries that is a Foreign Subsidiary intends to file with any applicable Department;

(n) not later than 10:00 a.m., New York City time, on Monday of each week (or more frequently as the UST may request from time to time in its sole discretion) a statement of projected cash receipts and cash disbursements for AIG and its Subsidiaries for each week in the period of 13 weeks commencing with the immediately following week, in a form satisfactory to the UST;

(o) daily risk assessment profile reports in form satisfactory to the UST;

(p) promptly, from time to time, such other information, including such additional regular financial, management and other reports, as the UST shall request in consultation with AIG to enable the UST to monitor the business, assets, liabilities, operations, condition, results and prospects of AIG and its Subsidiaries, and the regulatory environment in which AIG and its Subsidiaries operate. AIG shall take all steps necessary or requested by the UST to establish (or, if already established, maintain) a reporting regime that satisfies the objective of the preceding sentence; and

(q) such other information and notices as UST may reasonably request from time to time.

Notwithstanding the foregoing, reports required to be delivered under paragraphs (h), (i) and (k) above with respect to any Insurance Subsidiary of AIG may be provided as part of a consolidated report for a group of Insurance Subsidiaries of AIG including such Insurance Subsidiary, consistent with AIG's past practices and in accordance with applicable Laws.

Section 6.02. *Litigations and Other Notices*. During the Relevant TARP Period, AIG shall furnish to the UST prompt written notice of the following:

**Table of Contents**

(a) the filing or commencement of, or any threat or notice of intention of any Person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Entity, against AIG or any of its Affiliates that could reasonably be expected to result in an AIG Material Adverse Effect;

(b) any development that has resulted in, or could reasonably be expected to result in, an AIG Material Adverse Effect;

(c) any change in the corporate or other rating of AIG or any of its Subsidiaries by Moody's, S&P, Fitch or A.M. Best, any change in the outlook of any such agency for AIG or any of its Subsidiaries, or any notice from any such agency indicating its intent to effect any of the foregoing changes or to place AIG or any of its Subsidiaries on a CreditWatch or Under Review or any similar list, in each case with negative implications, or its cessation of, or its intent to cease, rating AIG or such Subsidiary, as applicable;

(d) the receipt of any notice from any Governmental Entity of the expiration without renewal, revocation, suspension or restriction of, or the institution of any proceedings to revoke, suspend or restrict, any material Insurance License now or hereafter held by any Insurance Subsidiary of AIG that is required to conduct insurance business in compliance with all applicable Laws and regulations and provide a copy of such notice;

(e) the receipt of any notice from any Governmental Entity of the institution of any material disciplinary proceedings against or in respect of any Insurance Subsidiary of AIG, or the issuance of any material order, the taking of any material action or any request for an extraordinary audit for cause by any Governmental Entity and provide a copy of such notice;

(f) any material judicial or administrative order limiting or controlling the insurance business of any Insurance Subsidiary of AIG (and not the insurance industry generally) that has been issued or adopted; or

(g) the receipt by any Material Insurance Subsidiary of any notice of termination, cancellation (which cancellation notice is not accompanied by a corresponding request for renewal), commutation or recapture of any Reinsurance Agreement that (i) occurs pursuant to a special termination or similar clause or is otherwise outside the ordinary course of business or (ii) could reasonably be expected to have an AIG Material Adverse Effect.

Section 6.03. *Affirmative Obligations Relating to Executive Compensation*. During the Relevant TARP Period:

(a) AIG shall, and shall cause its Subsidiaries to, take all necessary action to comply in all respects with the Compensation Regulations, including with respect to any Benefit Plans. Without limiting the generality of the

**Table of Contents**

foregoing, neither AIG nor any Subsidiary of AIG shall adopt any new Benefit Plan (i) that does not comply therewith or (ii) that does not expressly state and require that such Benefit Plan and any compensation thereunder shall be subject to any relevant Compensation Regulations adopted, issued or released on or after the date any such Benefit Plan is adopted. To the extent that the Compensation Regulations change during the Relevant TARP Period in a manner that requires changes to then-existing Benefit Plans, or that requires any other action, AIG and its Subsidiaries shall effect such changes to its or their Benefit Plans, and take such other action, as promptly as practicable after it has actual knowledge of such changes in order to be in compliance with this Section 6.03(a) (and shall be deemed to be in compliance for a reasonable period to effect such changes). In addition, except to the extent otherwise required in order to comply with Law applicable outside the United States, AIG and its Subsidiaries shall take all necessary action to ensure that the consummation of the transactions contemplated by this Agreement will not accelerate the vesting, payment or distribution of any equity-based awards, deferred cash awards or any nonqualified deferred compensation payable by AIG or any of its Subsidiaries.

(b) (i) In addition to the requirements set forth in Section 6.03(a) above, AIG shall take all necessary action to limit any golden parachute payments to the employees of AIG and its Subsidiaries who participate in AIG's Senior Partners Plan (the **Senior Partners**) to the amounts permitted by the regulations relating to participants in the EESA Capital Purchase Program and the guidelines and rules relating thereto, including the rules set forth in 31 CFR Part 30, that have been issued and were in effect as of April 17, 2009, as if such Senior Partners were Senior Executive Officers for purposes of such rules (except that equity denominated awards settled solely in equity shall not be included in such limit on golden parachute payments to Senior Partners). **Senior Executive Officers** means AIG's senior executive officers as defined in Section 111 of EESA as implemented by the Compensation Regulations; *provided* that, solely for the purposes of the foregoing sentence, Senior Executive Officers shall mean AIG's senior executive officers as defined in Section 111 of EESA and regulations issued thereunder, including the rules set forth in 31 CFR Part 30 that have been issued and were effective as of April 17, 2009.

(ii) For the avoidance of doubt, (A) the limits of Section 6.03(b)(i) are in addition to any applicable requirements under provisions of EESA prohibiting golden parachute payments to the Senior Executive Officers and the relevant Compensation Regulations, and (B) to the extent that any Benefit Plan is inconsistent with any relevant Compensation Regulations, such Compensation Regulations shall control.

Notwithstanding the other provisions of this Section 6.03(b), AIG's obligations under this Section 6.03(b) shall be on a best efforts basis with respect to the Senior Partners who are not U.S.-based to the extent of its existing Benefit Plans. In addition, after the date hereof in connection with the hiring or promotion of a Covered Employee and/or the promulgation of applicable Compensation

**Table of Contents**

Regulations, to the extent any Covered Employee shall not have executed a waiver with respect to the application to such Covered Employee of the Compensation Regulations, AIG shall use its best efforts to (i) obtain from such Covered Employee a waiver in a form satisfactory to the UST and (ii) deliver such waiver to the UST as promptly as possible. **Covered Employee** means each (i) Senior Executive Officer, (ii) Senior Partner and (iii) other employee of AIG or its Affiliates determined at any time to be subject to Section 111 of EESA, as implemented by the Compensation Regulations.

(c) AIG confirms and shall confirm that none of the funds provided to AIG in connection with any draw on the Series F Drawdown Right or the FRBNY Credit Facility on or prior to the Closing or the Series G Drawdown Right on or after the Closing were used nor shall they be used to pay annual bonuses, or other future cash performance awards to executives of AIG or Senior Partners. AIG and the UST desire that this confirmation be auditable and agree that there are a number of appropriate methods for verifying this confirmation (particularly in light of expected business changes at AIG). Until the date that any annual bonuses in respect of 2009 are paid, it is agreed that the test for the foregoing will be that, at the time when any annual bonuses or cash performance awards granted after April 17, 2009 are paid to executive officers or Senior Partners, AIG will have received aggregate dividends, distributions and other payments from its Subsidiaries subsequent to September 16, 2008 greater than the aggregate amount of such annual bonuses, such cash performance awards and amounts paid pursuant to AIG's historic quarterly bonus program (including but not limited to supplemental bonus and quarterly cash payments, the amount of which will not increase for any participant) paid to executive officers and Senior Partners subsequent to that date. At and after the date that any annual bonuses in respect of 2009 are paid, the test for the foregoing confirmation will be that, at the time when any annual bonuses or cash performance awards granted after April 17, 2009 are vested or otherwise earned by executive officers or Senior Partners, the aggregate adjusted net income for the relevant year (being the year in which or in respect of which such bonuses or awards are vested or so earned) of the Insurance Subsidiaries of AIG included for such year in the consolidated financial statements of AIG, excluding any such adjusted net income that was dividended or otherwise distributed to AIG and taken into account in satisfying the test under the prior sentence, shall exceed the aggregate amount of such annual bonuses, such cash performance awards and amounts pursuant to AIG's historic quarterly bonus program (including but not limited to supplemental bonus and quarterly cash payments, the amount of which will not increase for any participant), in each case vested or otherwise earned in or in respect of such year. AIG and the UST agree to negotiate in good faith and promptly at the request of the other to develop additional or alternative appropriate formulations to test for this confirmation.

(d) AIG agrees that it shall not claim a deduction for remuneration for federal income tax purposes in excess of \$500,000 for each Senior Executive

**Table of Contents**

Officer that would not be deductible if Section 162(m)(5) of the Code applied to AIG.

Section 6.04. *Other Affirmative Obligations of AIG*. During the Relevant TARP Period:

(a) **Additional Inspection Rights**. AIG shall permit (i) the UST and its agents, consultants, contractors and advisors, (ii) the Special Inspector General of TARP, and (iii) the Comptroller General of the United States access to personnel and any books, papers, records or other data delivered to it pursuant to this Article 6 or otherwise in its possession, custody or control, in each case to the extent relevant to ascertaining compliance with the terms and conditions set forth in this Agreement, during normal business hours and upon reasonable notice to AIG; *provided* that prior to disclosing any information pursuant to clause (i), (ii) or (iii), the UST, the Special Inspector General of TARP and the Comptroller General of the United States shall have agreed, with respect to documents obtained under this Article 6 in furtherance of their respective functions, to follow applicable Laws (and the applicable customary policies and procedures, including those for inspectors general) regarding the dissemination of confidential materials, including redacting confidential information from the public version of its reports, as appropriate, and soliciting input from AIG as to information that should be afforded confidentiality. The UST represents that it has been informed by the Special Inspector General of TARP and the Comptroller General of the United States that they, before making any request for access or information pursuant to their oversight and audit functions, will establish a protocol to avoid, to the extent reasonably possible, duplicative requests. Nothing in this Section 6.04(a) shall be construed to limit the authority that the Special Inspector General of TARP or the Comptroller General of the United States have under Law;

(b) **Compliance with the Employ American Workers Act**. AIG shall comply, and take all necessary action to ensure that its Subsidiaries, as applicable, comply, in all respects with the provisions of the Employ American Workers Act (Section 1611 of Division A, Title XVI of the American Recovery and Reinvestment Act of 2009 (P.L. 111-5)) as in effect from time to time;

(c) **Internal Controls**. AIG shall (i) promptly establish appropriate internal controls with respect to compliance with each of AIG's covenants and agreements set forth in Section 6.03, Section 6.04(e), (f) and (g), (ii) prepare a report on a quarterly basis regarding the implementation of such internal controls and AIG's compliance (including any instances of non-compliance) with such covenants and agreements; (iii) deliver such quarterly report to the UST in accordance with Section 12.01 and no later than the date by which its Quarterly Report on Form 10-Q or Annual Report on Form 10-K is filed with the SEC; and (iv) provide a signed certification from a senior executive officer of AIG to the UST that such quarterly report is accurate to the best of his or her knowledge, which certification shall be made subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001;

**Table of Contents**

(d) Series G Drawdown Right Accountability. AIG shall (i) use its reasonable best efforts to account for its use of the funding received under the Series G Drawdown Right; (ii) set up internal controls with respect to compliance with the expected use of the funding received under the Series G Drawdown Right; (iii) report to the UST on a quarterly basis until all of the funding received under the Series G Drawdown Right has been accounted for regarding the use of the funding received under the Series G Drawdown Right, the implementation of such internal controls and AIG's compliance (including any instances of non-compliance) therewith; (iv) provide a signed certification from a senior executive officer of AIG to the UST that such quarterly report is accurate to the best of his or her knowledge, which certification shall be made subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001; and (v) deliver the certification to the UST in accordance with Section 12.01 and no later than the date by which its Quarterly Report on Form 10-Q or Annual Report on Form 10-K is filed with the SEC;

(e) Restrictions on Lobbying. AIG shall continue to maintain and implement its comprehensive written policy on lobbying, governmental ethics and political activity and distribute such policy to all AIG employees and lobbying firms involved in any such activity. Any material amendments to such policy shall require the prior written consent of the UST and any material deviations from such policy, whether in contravention thereof or pursuant to waivers provided for thereunder, shall promptly be reported to the UST. Such policy shall, at a minimum, (i) require compliance with all applicable Law; (ii) apply to AIG, its Subsidiaries and affiliated foundations; (iii) govern (A) the provision of items of value to any government officials, (B) lobbying and (C) political activities and contributions; and (iv) provide for (A) internal reporting and oversight and (B) mechanisms for addressing non-compliance with the policy;

(f) Restrictions on Expenses. AIG shall continue to maintain and implement its comprehensive written policy on corporate expenses and distribute such policy to all AIG employees by posting such policy on AIG's intranet and directing all AIG employees via electronic mail to review such policy as posted. Any material amendments to such policy shall require the prior written consent of the UST and any material deviations from such policy, whether in contravention thereof or pursuant to waivers provided for thereunder, shall promptly be reported to the UST. Such policy shall, at a minimum: (i) require compliance with all applicable Law; (ii) apply to AIG and its Subsidiaries; (iii) govern (A) the hosting, sponsorship or other payment for conferences and events, (B) the use of corporate aircraft, (C) travel accommodations and expenditures, (D) consulting arrangements with outside service providers, (E) any new lease or acquisition of real estate, (F) expenses relating to office or facility renovations or relocations and (G) expenses relating to entertainment or holiday parties; and (iv) provide for (A) internal reporting and oversight and (B) mechanisms for addressing non-compliance with the policy;

**Table of Contents**

(g) Risk Management Committee. AIG shall maintain a risk management committee of the AIG Board that will oversee the major risks involved in AIG's business operations and review AIG's actions to mitigate and manage those risks; and

(h) Governance. AIG and the AIG Board shall work in good faith with the UST to ensure corporate governance arrangements satisfactory to the UST.

Section 6.05. *UST Board Observer Rights*. From and after the Closing, for so long as the UST beneficially owns at least five percent (5%) of the outstanding AIG Common Stock or any AIA/ALICO Preferred Units of either SPV, the UST shall have the right to designate two individuals to attend meetings of the AIG Board (and any committees thereof), whether such meeting is conducted in person or by teleconference, as nonvoting observers (the **Observers**). The Observers shall have no voting rights and their presence shall not be required for determining a quorum at any meeting they are entitled to attend pursuant to this Section 6.05. AIG shall reimburse the UST for all reasonable out-of-pocket expenses incurred by each Observer in connection with attending regular and special meetings of the AIG Board (or any committee thereof). AIG shall provide the Observers with (a) not less than five Business Days advance written notice of all such meetings of the AIG Board (or any committee thereof), or, if less, such advance written notice thereof as is provided to the members of the AIG Board (or the applicable committee thereof), and (b) copies of all board packages, presentations, notices, minutes, consents and other materials provided to any member of the AIG Board (or any committee thereof) in his or her capacity as a member thereof as and when such materials are provided to the AIG Board (or any committee thereof), and such additional information and materials as the Observers may reasonably request.

Section 6.06. *FRBNY Board-Level Information Rights*. From and after the Closing, for so long as the FRBNY holds AIA/ALICO Preferred Units or AIA/ALICO Preferred Interests, AIG shall provide the FRBNY with copies of all board packages, presentations, notices, minutes, consents and other materials provided to any member of the AIG Board (or any committee thereof) as and when such materials are provided to the AIG Board (or any committee thereof), and such additional information and materials as the FRBNY may reasonably request; *provided, however*, that AIG's obligations to provide information or materials to the FRBNY pursuant to this Section 6.06 shall be limited to information and materials relating to the Designated Entities, the Designated Interests, the Collateral (as such term is defined in the Intercompany Guarantee and Pledge Agreement) the SPVs or the business, operations, prospects, assets, liabilities or other obligations of any of the foregoing.



**Table of Contents**

ARTICLE 7

AIA SPV and ALICO SPV Related Matters

Each of AIG, the AIA SPV, the ALICO SPV, the FRBNY and the UST agree as follows:

Section 7.01. *Qualifying Events*. Effective as of the Closing, notwithstanding any provision contained in either SPV LLC Agreement to the contrary, the following events shall also constitute a Qualifying Event with respect to each SPV under its SPV LLC Agreement: (a) subject to Section 7.10, the receipt by such SPV of any payment in respect of its SPV Intercompany Loan, (b) the receipt by such SPV of any SPV Capital Contribution, (c) a Sale of the Company, effected by virtue of the exercise by the Sale Demanding Member (in each case, as defined in the AIA SPV LLC Agreement) of the rights set forth in Section 8.04(b) of the AIA SPV LLC Agreement, (d) a Disposition Demand, effected by virtue of the exercise by the Disposition Demanding Member of the rights set forth in Section 7.03(b)(iii) of this Agreement and (e) the receipt by such SPV of any payment from AIG pursuant to Section 7.09 (other than Section 7.09(a)(i)(B)).

Section 7.02. *Control Based and Other Restrictions*. Effective as of the Closing:

(a) the following provisions of the AIA SPV LLC Agreement shall be disregarded and no longer of any force or effect:

- (i) the proviso in the definition of Qualifying Event in Section 1.106;
- (ii) the proviso in Section 5.02 (Distributions);
- (iii) the proviso in Section 5.03 (Mandatory Distributions);
- (iv) Section 5.04 (Demand Distribution of Securities);
- (v) Section 5.05 (Ordinary Course Distributions);
- (vi) Section 8.04(a) (Demand Liquidity Event);
- (vii) the first proviso in the second sentence of Section 8.04(b) (Demand Liquidity Event);
- (viii) Section 8.05 (Drag Along); and
- (ix) Section 11.14 (Initial Public Offering).

(b) the following provisions of the ALICO SPV LLC Agreement shall be disregarded and no longer of any force or effect:

**Table of Contents**

- (i) the proviso in the definition of *Qualifying Event* in Section 1.92;
- (ii) the proviso in Section 5.02 (Distributions);
- (iii) clause (i) of the proviso in Section 5.04 (Mandatory Distributions); and
- (iv) Section 8.08 (MetLife Demand Liquidity Event).

Section 7.03. *Consent, Demand and Other Rights*. Effective as of the Closing, notwithstanding any provision contained in either SPV LLC Agreement to the contrary:

(a) Duration of Certain Rights.

(i) No Retained Right with respect to either SPV of the Person(s) holding such Retained Right immediately following the Closing shall expire, terminate or otherwise cease to be effective or applicable prior to the occurrence of the AIA/ALICO Preferred Redemption with respect to both SPVs. Until such time, all Retained Rights shall be exercisable in accordance with the provisions of Section 7.03(b). **Retained Right** means any right of the FRBNY Member or one or more Preferred Members (as such terms are defined in the relevant SPV LLC Agreement) pursuant to (A) Sections 4.01(d) and (e) (Significant Action Consent Rights) of the AIA SPV LLC Agreement, (B) Sections 4.01(d), (e) and (f) (Significant Action Consent Rights) of the ALICO SPV LLC Agreement, (C) Section 4.07 (Rights to Appoint Board Observers) of either SPV LLC Agreement, (D) Section 8.01 (Transfer in General) of either SPV LLC Agreement, (E) Section 8.04(b) (Demand Liquidity Event) of the AIA SPV LLC Agreement, (F) Section 8.07 (Public Offerings) of the AIA SPV LLC Agreement or (G) Section 11.02 (Amendments) of either SPV LLC Agreement.

(ii) Clause (iii) of the proviso in the lead-in paragraph to Section 4.01(d) of each SPV LLC Agreement and Section 4.01(e) of the ALICO SPV LLC Agreement shall not apply to any Significant Action (as such term is defined in the AIA SPV LLC Agreement) or Junior Significant Action or Senior Significant Action (as such terms are defined in the ALICO SPV Agreement) unless, as a result thereof, the entire amount of the AIA/ALICO Preferred Redemption with respect to both SPVs will be distributed to the AIA/ALICO Preferred Members in accordance with the SPV LLC Agreements.

(b) Certain Understandings. Effective as of the Closing and prior to the occurrence of the AIA/ALICO Preferred Redemption with respect to both SPVs:

**Table of Contents**

(i) *Significant Actions.* (A) Any right to consent to any Significant Action (as such term is defined in the AIA SPV LLC Agreement) or Junior Significant Action or Senior Significant Action (as such terms are defined in the ALICO SPV Agreement) in accordance with Section 4.01(d) of the relevant SPV LLC Agreement (and, in the case of the ALICO SPV LLC Agreement, Section 4.01(e) of such agreement) shall be exercised by the Rights Holder. For purposes of Section 4.01(e) of the AIA SPV LLC Agreement and Section 4.01(f) of the ALICO SPV LLC Agreement, a Significant Action Request Notice shall be delivered to each Person then having the right to consent to the applicable action in accordance with the preceding sentence (at the notice address provided from time to time by such Person to the applicable SPV).

(B) If AIA proposes to take any Significant Action (as such term is defined in the AIA SPV LLC Agreement) with respect to itself or any of its Subsidiaries that is submitted to the approval of or adoption by the holders of the Equity Interests of AIA, then the AIA SPV shall not, and shall not permit any of its Subsidiaries to, vote any Equity Interests of AIA held by such Person in favor of such Significant Action without obtaining the prior written consent of the Rights Holder (in accordance with Section 4.01(e) of the AIA SPV LLC Agreement) (it being understood that the obligations of AIG and the AIA SPV with respect to any Significant Action by AIA or any of its Subsidiaries shall be limited to compliance with this paragraph).

(ii) *Rights to Take Certain Actions or Make Certain Demands.* Any right to take any action or make any demand pursuant to (A) Section 8.04(b) (Demand Liquidity Event) of the AIA SPV LLC Agreement or (B) Section 8.07 (Public Offerings) of the AIA SPV LLC Agreement shall be exercised solely by the Rights Holder.

(iii) *Disposition Demand.* (A) Each of the Rights Holder and the AIA/ALICO Majority Preferred Members (each, a **Disposition Demanding Member** ) shall have the right, at any time and from time to time in its or their sole discretion, to require either the AIA SPV or the ALICO SPV, in one or more transactions, to sell, transfer or otherwise dispose of Subject Securities of such SPV (any exercise of such right, a **Disposition Demand** ); *provided* that (1) no Disposition Demand shall require either SPV to sell, transfer or otherwise dispose of Subject Securities of such SPV where the Net Proceeds (as such term is defined in the applicable SPV LLC Agreement) are reasonably expected to be more than an amount equal to the Aggregate AIA/ALICO Liquidation Preference, (2) any Disposition Demand with respect to the ALICO SPV shall be undertaken in a manner that is not in conflict with, and if applicable, subject to the terms and conditions of, the Transaction Agreements (as such term is defined in the MetLife Purchase Agreement)

**Table of Contents**

(with the ALICO SPV using its best efforts to exercise its rights thereunder) and (3) any Disposition Demand with respect to the AIA SPV shall be undertaken in a manner that would not cause AIG or the AIA SPV to be in breach of their obligations under (I) Rule 10.07(1) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the periods relevant for the initial public offering and listing of ordinary shares, par value \$1.00 per share, of AIA (the **AIA IPO**), as modified by any waiver(s) thereof granted to AIG, the AIA SPV, the FRBNY and/or the Rights Holder by The Stock Exchange of Hong Kong Limited, or (II) the Hong Kong Underwriting Agreement and International Placing Agreement (each as defined in the prospectus relating to the AIA IPO), as modified by any waiver(s) thereof granted to AIG, the SPV LLC, the FRBNY and/or the Rights Holder thereunder or in respect thereof.

(B) Each Disposition Demand shall be made by written notice to the applicable SPV specifying (1) the amount of Subject Securities of such SPV that are the subject of such Disposition Demand (or the target Net Proceeds (as such term is defined in the applicable SPV LLC Agreement) thereof), (2) the method of disposition of such Subject Securities (including, if applicable, pursuant to a registered offering pursuant to the Investor Rights Agreement (as such term is defined in the MetLife Purchase Agreement)), the terms of which method of disposition shall be, subsequently, mutually agreed to in good faith by such SPV and the Disposition Demanding Member and (3) such other information as the Disposition Demanding Member deems necessary or appropriate.

(C) In connection with any disposition of Subject Securities of the ALICO SPV or AIA SPV that involves a public offering, including a Disposition Demand, the Rights Holder shall have the right to appoint one of the global coordinators (who shall also serve as lead book-running managers) for such public offering.

(iv) *Board Observers*. For purposes of Section 4.07 (Rights to Appoint Board Observers) of each SPV LLC Agreement, for so long as both the FRBNY and the UST own or hold any AIA/ALICO Preferred Units or AIA/ALICO Preferred Interests, the total number of Observers that the Consent Holder may appoint to the Board of Managers (as such terms are defined in the relevant SPV LLC Agreement) of each SPV shall be increased from two to four, and each of the FRBNY and the UST shall be entitled to appoint two individuals as Observers .

(v) *Transfer*.

**Table of Contents**

(A) Neither SPV shall, and AIG shall not permit either SPV to, Transfer (as defined in the relevant SPV LLC Agreement) its Subject Securities without the prior written consent of the Rights Holder.

(B) AIG shall not, and shall not cause or permit any Subsidiary to, Transfer its Common Interest or Units (as such terms are defined in the relevant SPV LLC Agreement) of either SPV without the prior written consent of the Rights Holder.

(vi) *Amendments*. The right to consent to any amendment of either SPV LLC Agreement by a Majority in Interest of the Preferred Members, the Junior Preferred Members or the Senior Preferred Members (as such terms are defined in the relevant SPV LLC Agreement) pursuant to Section 11.02 of such SPV LLC Agreement shall be exercised by the Rights Holder, and no Preferred Member, Junior Preferred Member or Senior Preferred Member shall have the right to waive any provision for its benefit, without the prior written consent of the Rights Holder.

(vii) *Participation Redemption*. (A) Following the Preferred Payment (as such term is defined in the AIA SPV LLC Agreement), in the case of the AIA SPV, or the Junior Preferred Payment (as such term is defined in the ALICO SPV LLC Agreement), in the case of the ALICO SPV, the applicable SPV shall not make any dividend, distribution or other payment of any kind or character to the Common Members (as such term is defined in the relevant SPV LLC Agreement) of such SPV prior to such SPV exercising its right to redeem the AIA/ALICO Preferred Participating Return of such SPV in accordance with Section 8.06 (Participation Redemption) of the applicable SPV LLC Agreement; *provided* that, for purposes of determining the applicable Participating Fair Market Value (as such term is defined in the relevant SPV LLC Agreement), the fair market value of the applicable SPV Intercompany Loan shall not be taken into account and in lieu thereof the excess of (1) the amount of the SPV Intercompany Loan made by such SPV at Closing over (2) all amounts of principal received by such SPV in respect of its SPV Intercompany Loan prior to the redemption of the AIA/ALICO Preferred Participating Return of such SPV shall be deemed to have been received by such SPV and available for distribution pursuant to Sections 5.02(d) and (e) (Distributions) of the AIA SPV LLC Agreement (in the case of the AIA SPV) or Sections 5.02(f) and (g) (Distributions) or Sections 5.03(c) and (d) (Alternate Distributions) of the ALICO SPV LLC Agreement (in the case of the ALICO SPV), as applicable, as of the time of such redemption.

(B) All notices required to be delivered to, and all actions that may be taken by, the Preferred Members (as such term is defined in the AIA SPV LLC Agreement) or the Junior

**Table of Contents**

Preferred Members (as such term is defined in the ALICO SPV LLC Agreement) pursuant to Section 8.06 (Participation Redemption) of each SPV LLC Agreement shall be delivered to or taken by the Rights Holder.

(viii) *Further Assurances*. Each of AIG, the UST and the FRBNY shall take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to give effect to the provisions of this Section 7.03(b) (which provisions shall be binding on their respective successors and assigns), including voting its AIA/ALICO Preferred Units with respect to the applicable SPV in accordance with the foregoing provisions.

Section 7.04. *SPV Capital Contributions and ALICO Indemnity Capital Contributions*. Effective as of the Closing, notwithstanding any provision contained in either SPV LLC Agreement to the contrary (including, for the avoidance of doubt, Section 3.02(a) and (c) of each SPV LLC Agreement):

(a) AIG shall be required to make SPV Capital Contributions pursuant to Section 3.03(d) and ALICO Indemnity Capital Contributions pursuant to Section 7.09(a)(i)(C);

(b) SPV Capital Contributions to an SPV and ALICO Indemnity Capital Contributions to the ALICO SPV shall constitute additional Capital Contributions for purposes of such SPV's SPV LLC Agreement;

(c) SPV Capital Contributions, ALICO Indemnity Capital Contributions and deemed capital contributions in accordance with the ALICO True-Up Letter shall not require the prior written consent of the Board of Managers of the applicable SPV or any other action by the Members (as such terms are defined in the relevant SPV LLC Agreement) or otherwise;

(d) with respect to each SPV Capital Contribution and ALICO Indemnity Capital Contribution made by AIG to an SPV, AIG shall receive Common Units of such SPV at a per Common Unit purchase price equal to the per Common Unit value at the closing of the Initial Capital Contribution and no other Equity Securities (as such terms are defined in the relevant SPV LLC Agreement); and

(e) AIG shall cause the Board of Managers of the applicable SPV to take all actions and to do, or cause to be done, all things necessary, proper or advisable to give effect to the provisions of this Section 7.04.

Section 7.05. *Affiliate Definition*. Notwithstanding the definitions under the SPV LLC Agreements of Affiliate, Affiliated, Control, Controlled or Controlling to the contrary, (i) none of AIG or any of its Subsidiaries will be treated as Affiliates of the FRBNY, the UST, the Trust or the Trustees and (ii)

**Table of Contents**

none of AIG or any of its Affiliates, on the one hand, or the FRBNY, the UST, the Trust and the Trustees or any of their respective Affiliates, on the other, shall be deemed an Affiliate (as such term is defined in the relevant SPV LLC Agreement) of the other such Person(s).

Section 7.06. *AIA and ALICO Business.* The Company Business (as defined in the applicable SPV LLC Agreement) of each SPV, and the activities that the ALICO SPV may engage in without the consent of the FRBNY Member (as defined in the applicable SPV LLC Agreement) pursuant to Section 4.01(d)(xv) of the ALICO SPV LLC Agreement, shall include the applicable SPV's compliance with its obligations, and exercising and enforcing its rights, under this Agreement and the other Transaction Documents to which it is a party.

Section 7.07. *References to the Trust.* Effective as of the Closing, each reference to the AIG Credit Facility Trust in each SPV LLC Agreement, and each requirement under each SPV LLC Agreement that any matter be subject to prior consultation with, or the prior concurrence of, the Trust (or any of the Trustees acting on its behalf), shall be disregarded and deemed inapplicable.

Section 7.08. *Confidentiality and Jurisdiction Provisions.* Effective as of the Closing:

(a) Each of Section 7.07(a) (Confidentiality; Access to Information) of the AIA SPV LLC Agreement and Section 7.05(a) (Confidentiality; Access to Information) of the ALICO SPV LLC Agreement is hereby replaced in its entirety with the following:

Each Preferred Member (other than the FRBNY which is bound by that certain Nondisclosure Agreement by and among AIG and the FRBNY and dated as of September 25, 2008 (the Nondisclosure Agreement ) or any Permitted Transferee of the FRBNY and any Observers who executed a joinder to the Nondisclosure Agreement or who are otherwise bound thereto), and any Observer not otherwise bound by the Nondisclosure Agreement, agrees to use reasonable best efforts to hold, and to use reasonable best efforts to cause its agents, consultants, contractors and advisors to hold, in confidence all non-public records, books, contracts, instruments, computer data and other data and information concerning the Company furnished or made available to such Person by the Company or any representative thereof pursuant to this Agreement (except to the extent that such information can be shown to have been (a) previously known by such Person on a non-confidential basis, (b) in the public domain through no fault of such Person or (c) later lawfully acquired from other sources by such Person (and without violation of any other confidentiality obligation)); *provided* that nothing herein shall prevent (x) any such Person from disclosing any such information to the extent required by applicable Laws or by any subpoena or similar legal process or (y) any

**Table of Contents**

Observer appointed by the U.S. Department of the Treasury from disclosing any such information to the U.S. Department of the Treasury.

(b) Section 11.15 (Consent to Jurisdiction and Service of Process) of each SPV LLC Agreement is hereby replaced in its entirety with the following:

The Members hereby consent to the jurisdiction of the United States District Court for the District of Delaware (or, in the case of any claim against the U.S. Department of the Treasury for monetary damages in excess of \$10,000, the United States Court of Federal Claims) and irrevocably agree that all actions or proceedings arising out of or relating to this Agreement shall be litigated in such court. Each of the Members accepts for itself and in connection with its respective properties, generally and unconditionally, the exclusive jurisdiction and venue of the applicable aforesaid court and waives any defense of *forum non conveniens*, and irrevocably agrees to be bound by any final, nonappealable judgment rendered thereby in connection with this Agreement. The Members hereby agree that notice may be served upon (a) each Member (other than the FRBNY, the UST or their Permitted Transferees) at the address and in the manner set forth for notice to such Member in Section 10.01 and (b) the FRBNY, the UST or their Permitted Transferees in accordance with federal law.

Section 7.09. *MetLife Purchase Price Adjustments and Indemnity.*

(a) ALICO Post-Closing Payment.

(i) If, at any time after the date hereof, the ALICO SPV becomes obligated to make any payment to an Acquiror Indemnified Party pursuant to any of the provisions of the MetLife Purchase Agreement or any Ancillary Agreement referred to in Section 11.05(a) of the MetLife Purchase Agreement (including any Post-Closing Adjustment) (as such terms are defined in the MetLife Purchase Agreement) (any such payment, an **ALICO Post-Closing Payment**), then AIG shall have the right to cause the ALICO SPV to pay such ALICO Post-Closing Payment either (x) in cash, (y) by delivering shares of Acquiror Stock or Acquiror Interim Preferred Stock or Equity Units (as such terms are defined in the MetLife Purchase Agreement) (the consideration referred to in this clause (y), **Equity Consideration**) or (z) a combination thereof, subject to, and in accordance with, (1) the terms of the MetLife Purchase Agreement and (2) for so long as any AIA/ALICO Preferred Units or AIA/ALICO Preferred Interests remain outstanding, the following:

(A) cash consideration used to pay an ALICO Post-Closing Payment attributable to Taxes resulting from Section 338 elections (if any) made pursuant to the MetLife Purchase Agreement shall be paid by the SPV only to the extent of cash set



**Table of Contents**

aside by the SPV in respect of Taxes estimated to be payable on the sale of the ALICO stock (the amount of such payment, the **SPV Section 338 Payment Amount** );

(B) all cash consideration, other than the SPV Section 338 Payment Amount, used to pay such ALICO Post-Closing Payment shall, at AIG's option, be paid directly by AIG (on behalf of the ALICO SPV), or be contributed by AIG as capital to the ALICO SPV to be paid by the ALICO SPV, to the applicable Acquiror Indemnified Party on or prior to the applicable due date for such payment pursuant to the MetLife Purchase Agreement; and

(C) to the extent any Equity Consideration is used to pay such ALICO Post-Closing Payment, AIG shall make a capital contribution (an **ALICO Indemnity Capital Contribution** ) to the ALICO SPV equal to the Fair Value (as such term is defined in the MetLife Purchase Agreement) of such Equity Consideration in cash no later than the later of (1) the date on which such Equity Consideration is paid to the applicable Acquiror Indemnified Party and (2) the Closing;

(D) AIG shall not, (1) prior to consulting with the Rights Holder (whose views AIG shall consider in good faith), cause or permit the ALICO SPV to use any Equity Consideration to pay all or any portion of any ALICO Post-Closing Payment, or (2) without the prior written consent of the Rights Holder, cause or permit the ALICO SPV to use Equity Consideration other than Equity Consideration held in the Indemnification Collateral Account (as such term is defined in the MetLife Purchase Agreement) to pay all or any portion of any ALICO Post-Closing Payment; and

(E) AIG shall not, and shall not permit the ALICO SPV to, substitute Eligible Collateral for any collateral held in the Indemnification Collateral Account pursuant to the Indemnification Control Agreement (as such terms are defined in the MetLife Purchase Agreement) without the prior written consent of the Rights Holder;

*provided* that (v) if the capital contribution by AIG of any cash amount at the time it would otherwise be due and payable pursuant to clause (C) above would reasonably be expected to materially and adversely affect the liquidity of AIG, then AIG and the Rights Holder shall negotiate in good faith alternative or deferred funding arrangements, and (w) in evaluating any request by AIG to take any of the actions described in clauses (D) and (E) above, the Rights Holder shall

**Table of Contents**

consider in good faith the effect of approving or denying such request on the resulting liquidity of AIG.

(b) **ALICO Indemnification Matters.** AIG shall, and shall cause the ALICO SPV to, (i) promptly notify the Rights Holder in writing of any notice received by AIG and/or the ALICO SPV of any claim (each, an **ALICO Indemnification Claim** ) in respect of which indemnity is sought from AIG and/or the ALICO SPV under the MetLife Purchase Agreement, including any pending or threatened claim or demand that could reasonably give rise to a right of indemnification against AIG and/or the ALICO SPV thereunder, (ii) provide the Rights Holder with copies of any written materials sent or received by or on behalf of AIG and/or the ALICO SPV in connection with any ALICO Indemnification Claim, and (iii) provide the Rights Holder with such additional information relating to any ALICO Indemnification Claim as the Rights Holder may reasonably request.

Section 7.10. *Additional Provisions Relating to SPV Intercompany Loans.* (a) If, as of any time following the Closing, the aggregate Payoff Amount (as defined in the SPV Intercompany Loan Agreements) for both SPV Intercompany Loans is greater than 125% of the sum of (x) the Aggregate AIA/ALICO Liquidation Preference and (y) the aggregate preferred returns earned on all AIA/ALICO Preferred Units since the most recent quarter then ended through (but not including) such time, then, notwithstanding anything to the contrary in the SPV LLC Agreements, this Agreement or the other Transaction Documents:

(i) AIG may, from time to time, cause either SPV to dividend or distribute to AIG, cancel or otherwise cause not to be repayable any portion of the Payoff Amount of the relevant SPV Intercompany Loan (a **Payoff Reduction**, the amount of which shall, for clarity, no longer be part of such SPV Intercompany Loan) so long as (A) the condition set forth in the foregoing paragraph would continue to be satisfied immediately after giving effect to such Payoff Reduction and (B) such Payoff Reduction would not result in the amount of the relevant SPV Intercompany Loan being less than 125% of, in the case of the AIA SPV, the AIA Liquidation Preference or, in the case of the ALICO SPV, the ALICO Liquidation Preference.

(ii) Any Payoff Reduction pursuant to the foregoing paragraph may be effected by such means as AIG may determine, including, without limitation, by causing either SPV Intercompany Loan to be evidenced by multiple promissory notes and transferring the note or notes representing a permitted Payoff Reduction to AIG as a dividend or distribution on the Common Units (as defined in the relevant SPV LLC Agreement); *provided, however*, that no making of a Payoff Reduction shall (A) be a Significant Action (as such term is defined in the AIA SPV LLC Agreement), a Senior Significant Action or a Junior Significant Action (as such terms are defined in the ALICO SPV LLC Agreement) or an action

**Table of Contents**

otherwise requiring the consent of the Rights Holder, the FRBNY, the UST or any other AIA/ALICO Preferred Member or (B) be deemed to be Net Proceeds for any purpose under this Agreement or the Intercompany Guarantee and Pledge Agreement. Notwithstanding Section 7.03(b)(vii), the Payoff Reduction shall be treated as a permitted distribution on the Common Units for purposes of the applicable SPV LLC Agreement; *provided, however*, that the Payoff Reduction shall not affect (A) the determination of Participating Fair Market Value (as such term is defined in the relevant SPV LLC Agreement) pursuant to Section 7.03(b)(vii) and the relevant SPV LLC Agreement or (B) any other rights and preferences of the AIA/ALICO Preferred Units.

(b) Notwithstanding Section 7.01(a) hereof, Section 5.03 of the AIA SPV LLC Agreement or Section 5.04 of the ALICO SPV LLC Agreement, if any proceeds from the foreclosure of the Collateral (as defined in the Intercompany Guarantee and Pledge Agreement) or from the foreclosure of a judgment lien on any Designated Interests that do not constitute Collateral are received by either SPV in respect of its SPV Intercompany Loan (such proceeds, a

**Foreclosure Payment** ) as a result of any action taken by the Rights Holder, then, if and for so long as the UST or any of its Affiliates together own more than 50% of the AIG Common Stock outstanding at such time, such SPV shall not distribute such Foreclosure Payment to the Members (as defined in the relevant SPV LLC Agreement) (other than the FRBNY, to the extent that the FRBNY holds any AIA/ALICO Preferred Units of the relevant SPV, if approved by the UST), but shall instead deposit such Foreclosure Payment into an account at the FRBNY, or another financial institution designated by the Rights Holder, to be held in escrow on terms reasonably acceptable to the Rights Holder. If a Foreclosure Payment is received by either SPV when the UST and its Affiliates together do not own more than 50% of the AIG Common Stock outstanding at such time, such event shall nonetheless not be a *Qualifying Event* with respect to such SPV under its SPV LLC Agreement, and such Foreclosure Payment shall be distributed by such SPV to the Members as provided in the relevant SPV LLC Agreement only at the request of the Common Member (as defined in the relevant SPV LLC Agreement). If such SPV does not distribute such Foreclosure Payment to its Members (as defined in the relevant SPV LLC Agreement), such Foreclosure Payment will be deposited into an account at the FRBNY, or another financial institution designated by the Rights Holder, to be held in escrow on terms reasonably acceptable to the Rights Holder. Any Foreclosure Payment placed in escrow pursuant to the foregoing sentences may be requested by the Common Member to be released to the relevant SPV if the UST and its Affiliates together do not own more than 50% of the AIG Common Stock outstanding at such time and, if so released, shall promptly be distributed to the Members as provided in the relevant SPV LLC Agreement as though such Foreclosure Payment were a *Qualifying Event* with respect to such SPV; *provided, however*, that if all or any portion of a Foreclosure Payment is so held in escrow during a period when both (x) none of the UST and its Affiliates together own or hold more than 50% of the

**Table of Contents**

AIG Common Stock outstanding at such time and (y) the AIA/ALICO Preferred Redemption with respect to such SPV has not occurred, then from and including the date on which such Foreclosure Payment (or portion thereof) was deposited in escrow and to but excluding the date on which such Foreclosure Payment is released in full at the request of the Common Member, the Preferred Return on all Preferred Units (in the case of the AIA SPV) or the Senior Preferred Return or Junior Preferred Return on all Senior Preferred Units and Junior Preferred Units, respectively (in the case of the ALICO SPV), shall be increased by four percent (4%) per annum.

ARTICLE 8

Designated Entity Related Matters

Each of AIG, the FRBNY and the UST agree as follows:

Section 8.01. *Designated Entity Consent Rights*. Effective as of the date hereof:

(a) For so long as there is a Rights Holder, AIG shall not, and shall not permit any Designated Entity and/or any Subsidiary thereof (as specified below) to, take any Significant Action (as defined below) without obtaining the prior written consent of the Rights Holder (in accordance with Section 8.01(b)); *provided, however*, that nothing in this Section 8.01(a) will prohibit AIG from taking, or causing any Designated Entity or any of its Subsidiaries to take, (w) any of the actions set forth in Section 8.01(a) of the AIG Disclosure Schedule; (x) any action expressly permitted pursuant to Section 4(a) or 7(c)(v) of the Intercompany Guarantee and Pledge Agreement; (y) any action required to comply with any (1) applicable Law or (2) regulatory requirement, directive or order of any relevant Department; or (z) any Significant Action if, as a result thereof, the entire amount of the AIA/ALICO Preferred Redemption with respect to both SPVs will be distributed to the AIA/ALICO Preferred Members. **Significant Action** means, with respect to any Designated Entity, any of the following:

(i) any amendment or waiver of any provisions of the articles of incorporation, bylaws or other similar organizational or constitutive documents of the Designated Entity or any of its Material Subsidiaries (in each case, whether by merger or otherwise) in a manner that adversely affects, or would reasonably be expected to adversely affect, in any material respect, any right of the Equity Interests of the Designated Entity or such Material Subsidiary;

(ii) any authorization or issuance by the Designated Entity or any Subsidiary thereof of any Equity Interests other than to AIG or any Wholly Owned Subsidiary of AIG;

**Table of Contents**

(iii) (A) any merger involving the Designated Entity or (B) any sale, directly or indirectly, of all or substantially all of the consolidated assets of the Designated Entity and its Subsidiaries in one or a series of related transactions (whether by merger, consolidation or other business combination); *provided, however*, that the foregoing shall not apply to any merger between the Designated Entity and any of its Wholly Owned Subsidiaries (so long as the Designated Entity is the surviving Person in such merger) or between any of its Wholly Owned Subsidiaries;

(iv) any recapitalization, reorganization, reclassification, spin-off or combination of any Equity Interests of the Designated Entity or any Material Subsidiary thereof;

(v) (A) in the case of ILFC and its Subsidiaries, entering into any binding contract for the sale, transfer or other disposition (other than the granting of a security interest in connection with the incurrence of Indebtedness), whether by merger, purchase of stock or assets or otherwise, in one or a series of related transactions, of any assets, business or operations of ILFC or any of its Subsidiaries, if the aggregate consideration to be received under such contract (including cash and non-cash consideration, Indebtedness assumed in connection with such disposition and all obligations in respect of deferred purchase price (but excluding any earn-out obligations, other post-closing contingent payments and purchase price adjustments)) (the **Contract Price** ) would, when combined with the Contract Price of each other such contract entered into during the immediately preceding 12-month period (or, if less than 12 months has elapsed since the date hereof, such shorter period of time as has elapsed since such date), be equal to or greater than \$2.5 billion in the aggregate, and (B) in the case of each other Designated Entity and its Subsidiaries, any sale, transfer or other disposition, whether by merger, purchase of stock or assets or otherwise, in one or a series of related transactions, of any assets, business or operations (1) representing ten percent (10%) or more of the consolidated assets of such Designated Entity and its Subsidiaries determined as of the date of such sale, transfer or disposition or (2) generating ten percent (10%) or more of the consolidated revenues of such Designated Entity and its Subsidiaries determined as of the date of such sale, transfer or disposition; *provided, however*, that the foregoing shall not apply to (W) in the case of Nan Shan, any Securities Lending Program, (X) any transaction among the Designated Entity and any of its Subsidiaries or among any of its Subsidiaries, (Y) the managing of investment assets and the effecting of treasury and cash management functions by the Regulated Subsidiaries, in each case, conducted in the ordinary course of business consistent with past practices, and (Z) reinsurance or co-insurance arrangements entered into in the ordinary course of business consistent with past practices;

**Table of Contents**

(vi) (A) in the case of ILFC and its Subsidiaries, entering into any binding contract for the acquisition of assets (including aircraft) by ILFC or any of its Subsidiaries, in one or a series of related transactions, if the aggregate scheduled payments under all such binding contracts would, in any consecutive 12-month period following the date hereof, be equal to or greater than \$2.5 billion, and (B) in the case of each other Designated Entity and its Subsidiaries, any acquisition of assets by such Designated Entity or any of its Subsidiaries (whether by merger, purchase of stock or assets or otherwise), in one or a series of related transactions, (1) with an aggregate purchase price equal to or greater than ten percent (10%) of the consolidated assets of such Designated Entity and its Subsidiaries as of the date of such acquisition or (2) generating ten percent (10%) or more of the consolidated revenues of such Designated Entity and its Subsidiaries as of the date of such acquisitions; *provided, however*, that the foregoing shall not apply to (W) in the case of Nan Shan, any Securities Lending Program, (X) any transaction among the Designated Entity and any of its Subsidiaries or among any of its Subsidiaries, (Y) the managing of investment assets and the effecting of treasury and cash management functions by the Regulated Subsidiaries, in each case, conducted in the ordinary course of business consistent with past practices, and (Z) reinsurance or co-insurance arrangements entered into in the ordinary course of business consistent with past practices;

(vii) any (A) Public Offering or (B) sale, transfer or other disposition, directly or indirectly, of Equity Interests of (1) the Designated Entity, (2) any Person owning, directly or indirectly, all or substantially all of the assets of the Designated Entity and its Subsidiaries, taken as a whole, (3) any Person formed solely for the purpose of owning all of the Equity Interests of the Designated Entity, or (4) any Material Subsidiary of any of the foregoing Persons;

(viii) the declaration or payment of dividends or the making of distributions on or in respect of any Equity Interests (other than any preferred stock of ILFC outstanding as of the date hereof) by (A) the Designated Entity or (B) any Subsidiary thereof, other than (X) on a *pro rata* basis to the equity owners of such Designated Entity or any Wholly Owned Subsidiary thereof or (Y) as expressly required by the terms of such Equity Interests or the organizational or constitutive documents of such Designated Entity or Subsidiary thereof in effect as of the date hereof;

(ix) the redemption or repurchase of any Equity Interests (other than any preferred stock of ILFC outstanding as of the date hereof) of any Designated Entity or Material Subsidiary thereof that are owned by any Person, other than the Designated Entity or any Wholly Owned Subsidiary thereof;

**Table of Contents**

(x) entering into or modifying any contract or other transaction or arrangement with any Affiliate of the Designated Entity that requires the payment to or from such Affiliate in excess of \$5 million; *provided, however*, that the foregoing shall not apply to (A) any such action taken in ordinary course of business consistent with past practice and on arm's-length terms, (B) insurance and reinsurance transactions between the Designated Entity or its Subsidiaries, on the one hand, and AIG or its Subsidiaries, on the other hand, in each case in this clause (B) in the ordinary course of business consistent with past practice, (C) any transaction, agreement or arrangement among the Designated Entity and any of its Subsidiaries or among any of its Subsidiaries or (D) any transaction, agreement or arrangement between AIG or its Subsidiaries, on the one hand, and ILFC or its Subsidiaries, on the other hand, relating to services provided by AIG or its Subsidiaries to, or other arrangements among AIG or its Subsidiaries and, ILFC and its Subsidiaries, in each case in this clause (D) in the ordinary course of business consistent with past practice;

(xi) undertaking a voluntary liquidation or dissolution of the Designated Entity, filing for or consenting to the filing of Bankruptcy by the Designated Entity, or taking any other legal action evidencing insolvency with respect to the Designated Entity, or causing or permitting any of the Material Subsidiaries of the Designated Entity to do any of the foregoing;

(xii) entering into any agreement, indenture or other instrument that contains provisions that would restrict the ability of any Designated Entity or any Material Subsidiary thereof to declare, pay or make dividends or distributions with respect to any of its Equity Interests, other than agreements or undertakings that may be entered into by the Designated Entity or any Insurance Subsidiary thereof in the ordinary course of business or as required by any applicable Law, regulation, directive or order applicable to any Designated Entity or any Insurance Subsidiary thereof, *provided, however*, that the foregoing shall not apply to any agreement, indenture or other instrument entered into in connection with a transaction that is permitted pursuant to Section 8.01(a)(xiii);

(xiii) (A) in the case of ILFC and its Subsidiaries, having Net ILFC Indebtedness as of any date that exceeds Net ILFC Indebtedness as of the date that is one year prior to such date (or, if less than one year has elapsed since the date hereof, Net ILFC Indebtedness as of the date hereof) by more than \$1 billion, and (B) in the case of each other Designated Entity and its Subsidiaries, incurring additional consolidated Indebtedness having an outstanding principal amount in excess of \$20 million in the aggregate; *provided, however*, that the foregoing clause (B) shall not apply to (V) any refinancing (including any extension, renewal or exchange) of then-existing Indebtedness, so long as the principal amount of then-existing Indebtedness being refinanced is equal to or more than the

**Table of Contents**

amount of any such new Indebtedness being incurred without regard to any unpaid accrued interest and premium thereon plus other reasonable fees incurred in connection with such refinancing, (W) borrowing by the Designated Entity or any of its Subsidiaries under currently available lines of credit, (X) intercompany loans, guarantees or advances made by the Designated Entity to any of its Subsidiaries or made by any of its Subsidiaries to the Designated Entity or any other Subsidiary thereof, (Y) in the case of Nan Shan, any Securities Lending Program, and (Z) other Indebtedness incurred or assumed in connection with any transactions permitted pursuant to Section 8.01(a)(v)(Y) or (Z) or any of Section 8.01(a)(vi)(Y) or (Z); or

(xiv) amending, modifying or supplementing, or waiving any right of AIG under, any Star-Edison Transaction Agreement, in each case, in a manner that (A) materially adversely affects, or would reasonably be expected to materially adversely affect, AIG, Star or Edison or any right of the Equity Interests of either Star or Edison (or both) or (B) would reasonably be expected to materially delay the consummation of the transactions contemplated by the Star-Edison Transaction Agreements.

Each of AIG, the FRBNY and the UST hereby agrees and acknowledges that the provisions set forth in this Section 8.01(a) are necessary and appropriate to protect the rights of the AIA/ALICO Preferred Members with respect to the Designated Entities hereunder and under the Intercompany Guarantee and Pledge Agreement. The provisions of Sections 8.01(a)(iii), (iv) and (vii) shall not apply to any actions required under the Star-Edison Transaction Agreements (as such agreements are in effect on the date hereof).

(b) For as long as there is a Rights Holder, in the event AIG is required to obtain the written consent of the Rights Holder with respect to any proposed Significant Action pursuant to Section 8.01(a), AIG shall deliver to the Rights Holder, in the manner and to the individual (the **Consent Request Contact**) set forth in Section 12.01, a written request for consent (a **Significant Action Request Notice**), setting forth sufficient detail regarding the facts and circumstances of such proposed Significant Action (including all financial and background information) to enable the Rights Holder to make a reasonably informed decision with respect to such request for consent. The Rights Holder shall only have been deemed to have provided its written consent to any Significant Action for purposes of Section 8.01(a) if the Consent Request Contact has delivered to AIG a copy of the Significant Action Request Notice with respect to such Significant Action that has been countersigned by the Consent Request Contact on behalf of the Rights Holder. The Rights Holder agrees to use reasonable efforts to cause a decision as to whether or not to grant its consent to any proposed Significant Action to be made within 30 calendar days after delivery of a conforming Significant Action Request Notice with respect thereto to the Consent Request Contact, but the failure to act within such time period shall not



**Table of Contents**

in any way affect the Rights Holder's rights under Section 8.01(a) or any party's other rights or obligations under this Article 8.

Section 8.02. *Designated Entity Outlook Plan and Material Developments.* (a) For so long as there is a Rights Holder, within 45 days after each December 31 and June 30 occurring after the date hereof (starting with June 30, 2011), AIG shall deliver to the Rights Holder (and, if the FRBNY is the Rights Holder at such time, the UST) an outlook plan or an updated version thereof for the succeeding 12-month period outlining the divestiture plan (including the proposed timing for a Monetization Transaction and the status and terms of any discussions or negotiations with any prospective buyer) with respect to (i) Nan Shan, (ii) if the Star-Edison Purchase Agreement is terminated, Star and Edison, and (iii) following May 1, 2013, ILFC (in each case, until such time as a Monetization Transaction has occurred with respect to the applicable Person).

(b) For so long as there is a Rights Holder, promptly after any material development relating to the business, operations, prospects, divestiture, assets, liabilities or other obligations of any Designated Entity (and Maiden Lane II and Maiden Lane III, if either such Person is not a Designated Entity at the time of such development), AIG shall provide the Rights Holder (and, if the FRBNY is the Rights Holder at such time, the UST) with a reasonably detailed written summary of such material development and such additional information relating thereto as the Rights Holder (or, if the FRBNY is the Rights Holder, the UST) may reasonably request.

Section 8.03. *Nan Shan Liquidity Rights.* From and after the date hereof, AIG shall use its commercially reasonable efforts to effect a Monetization Transaction with respect to Nan Shan, unless the AIA/ALICO Preferred Redemption has occurred with respect to both SPVs.

Section 8.04. *Star-Edison Liquidity Rights.* AIG shall use its commercially reasonable efforts to consummate the transactions contemplated by the Star-Edison Purchase Agreement. If the Star-Edison Purchase Agreement is terminated at any time, then from and after the date of such termination, AIG shall use its commercially reasonable efforts to effect a Monetization Transaction with respect to each of Star and Edison, unless the AIA/ALICO Preferred Redemption has occurred with respect to both SPVs.

Section 8.05. *Maiden Lane III Upstream Obligations.* AIG shall, and shall cause each of its Subsidiaries to, use its commercially reasonable efforts to obtain any and all rating agency, regulatory or other consents, approvals, non-disapprovals or assurances as may be necessary to permit distribution of all Maiden Lane III Interests held by any Subsidiary of AIG that is not a Guarantor (as such term is defined in the Intercompany Guarantee and Pledge Agreement) to AIG or any Guarantor (as such term is defined in the Intercompany Guarantee and Pledge Agreement) in compliance with applicable Law and without a downgrade of the financial strength or insurer claims-paying rating of the applicable

**Table of Contents**

Subsidiary, and upon receipt of such consents, approvals, non-disapprovals or assurances, AIG shall cause such Subsidiary to distribute all Maiden Lane III Interests to AIG or any Guarantor (as such term is defined in the Intercompany Guarantee and Pledge Agreement).

Section 8.06. *Compelled Monetization Rights.* (a) At any time from and after May 1, 2013, and until such time as the AIA/ALICO Preferred Redemption shall have occurred in full with respect to both SPVs, the Rights Holder shall have the right, in its sole discretion, to deliver a written notice to AIG (each, a **Compelled Monetization Notice** ), directing AIG to effect a Monetization Transaction (each, a **Compelled Monetization Transaction** ) with respect to one or more of Nan Shan, Star, Edison and ILFC (each Designated Entity for which a Compelled Monetization Notice has been delivered, a **Compelled Disposal Entity** ). In connection with any Compelled Monetization Transaction, the Rights Holder shall designate an independent investment banking firm of recognized national standing selected by the Rights Holder and reasonably acceptable to AIG (the **Investment Bank** ) to, in the case of a Sale of the Company, conduct the sale process or, in the case of an Initial Public Offering, act as the sole global coordinator and lead book-running manager for such public offering, in accordance with this Section 8.06.

(b) The Investment Bank will act upon the instructions of the Rights Holder and establish such procedures as the Rights Holder may require in order to effect a Compelled Monetization Transaction for the Compelled Disposal Entity as promptly as practicable. AIG agrees to cooperate fully with the Investment Bank in accordance with such procedures, and agrees to negotiate diligently and in good faith the terms and conditions of any proposal recommended for consideration by the Investment Bank for such Compelled Monetization Transaction. AIG will retain independent legal counsel of appropriate expertise reasonably acceptable to the Rights Holder, to advise AIG on such Compelled Monetization Transaction. In the event of a disagreement between AIG and the Rights Holder regarding the terms and conditions (including timing of completion) for such Compelled Monetization Transaction, the final determination of such terms and conditions shall be made by the Rights Holder, in its sole discretion (it being understood that in no event shall such terms and conditions include any material obligations on the part of AIG or any of its Subsidiaries following the closing of such Compelled Monetization Transaction other than those that, in the reasonable judgment of the Rights Holder, are customary for transactions of this type). AIG shall take, or cause to be taken, all actions (including (i) executing and delivering or causing to be executed and delivered all documents, certificates, agreements, (ii) seeking all Approvals and (iii) making or causing to be made all filings and notifications with all Governmental Entities) as may be necessary, proper, desirable or advisable to consummate such Compelled

**Table of Contents**

Monetization Transaction on the terms so determined. All fees and expenses of the Investment Bank and legal counsel (and other advisors and experts retained) in connection with such Compelled Monetization Transaction shall be paid by AIG and deducted from gross proceeds pursuant to clause (ii)(A) of the definition of Net Proceeds in the Intercompany Guarantee and Pledge Agreement.

Section 8.07. *Public Offerings*. From the date hereof until such time as the AIA/ALICO Preferred Redemption shall have occurred with respect to both SPVs, (a) the Rights Holder shall have the right to appoint one of the global coordinators (which shall also serve as lead book-running managers) (the **Global Coordinators**) for each Public Offering, and (b) AIG shall have the right to appoint (i) one of the Global Coordinators and (ii) after prior consultation with the AIA/ALICO Preferred Members, any additional Global Coordinators and book runners for each Public Offering. The additional book runners, if any, shall report to the Global Coordinators, who shall be responsible on a joint basis for overseeing the book runners and determining their compensation, allocations and all other important matters for which lead underwriters are customarily responsible in public offerings of securities of the applicable type.

Section 8.08. *Relationship to FRBNY Credit Facility*. Except as expressly set forth in this Article 8, the rights and obligations of the parties hereto shall be without prejudice to the rights and obligations of the FRBNY and AIG under the FRBNY Credit Facility (for clarity, until repayment and termination of the FRBNY Credit Facility).

Section 8.09. *Limitation on Designated Entity Rights*. Unless otherwise agreed by the parties hereto (whether in connection with the giving of any consent pursuant to this Article 8 or otherwise), notwithstanding anything in this Agreement or the other Transaction Documents to the contrary, the UST and the FRBNY acknowledge and agree that from and after such time as any Designated Entity ceases to be a Subsidiary of AIG or one or more of its Subsidiaries, or AIG otherwise ceases directly or indirectly to control such Designated Entity, nothing in this Agreement or the other Transaction Documents will require AIG or any Subsidiary of AIG to take any action with respect to the business of such Designated Entity.

ARTICLE 9  
Other Covenants

Section 9.01. *Interim Operating Covenants*. (a) Prior to the Closing, except as Previously Disclosed or as contemplated by the Transaction Documents, AIG shall, and shall cause each Subsidiary of AIG to, use commercially reasonable efforts to carry on its business in the ordinary course of business and maintain and preserve its business (including its organization, assets, properties, goodwill and insurance coverage) and preserve its business relationships with customers, strategic partners, suppliers, distributors and others having business dealings with it.

**Table of Contents**

(b) The parties hereto agree that nothing in this Agreement or the other Transaction Documents shall constitute a waiver or consent with respect to any provision of the FRBNY Credit Facility or either SPV LLC Agreement or shall be construed as a waiver or consent to any action that would require a waiver or consent of the FRBNY thereunder; *provided, however*, that by virtue of entering into the Transaction Documents, the FRBNY shall be deemed to have given its waiver or consent, as applicable, with respect to each of the following actions that would require a waiver or consent of the FRBNY pursuant to the FRBNY Credit Facility or either SPV LLC Agreement: (i) the entry into this Agreement and the other Transaction Documents by AIG, the AIA SPV and the ALICO SPV and (ii) the actions expressly permitted or required to be taken by AIG, the AIA SPV, the ALICO SPV and any Affiliate of AIG, the AIA SPV or the ALICO SPV pursuant to this Agreement and the other Transaction Documents.

Section 9.02. *Stockholder Action by Written Consent; AIG Information Statement.* (a) On December 7, 2010, the Trust, as the holder of a majority of the voting power of AIG, executed and delivered to AIG a consent in writing, a copy of which is attached as Exhibit I hereto (the **Trust Written Consent** ), in accordance with Section 228 of Delaware Law voting all shares of Series C Preferred Stock owned by the Trust in favor of the Stock Issuance without prior notice to or a meeting of the stockholders of AIG.

(b) Without limiting Section 9.02(a), AIG shall (i) prepare and file an information statement with the SEC in connection with the Stock Issuance (the **AIG Information Statement** ) as soon as reasonably practicable after the execution of the Trust Written Consent, (ii) use its commercially reasonable efforts to have the AIG Information Statement cleared by the SEC and mailed to AIG's stockholders as promptly as practicable thereafter and (iii) comply with all legal requirements and rules of the New York Stock Exchange applicable to the Stock Issuance and the AIG Stockholder Approval. AIG shall provide the FRBNY, the UST and the Trust and their respective counsel with a reasonable opportunity to review and comment upon the form and substance of the AIG Information Statement (including any amendments or supplements thereto) prior to filing the AIG Information Statement with the SEC. AIG shall notify the FRBNY, the UST and the Trust promptly of the receipt of any comments from the SEC and of any request by the SEC for any amendments or supplements to the AIG Information Statement, AIG shall provide the FRBNY, the UST and the Trust with a reasonable opportunity to review and comment on any such comments or requests from the SEC, and, if required by the 1934 Act or other applicable Law, AIG shall mail to its stockholders, as promptly as reasonably practicable, any such amendment or supplement.

Section 9.03. *Consummation of Recapitalization; Filings; Consents.* (a) Subject to the terms and conditions of this Agreement, AIG, the AIA SPV and the ALICO SPV shall, and shall cause their respective Subsidiaries to, and each of the FRBNY and the UST shall use all commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary,

**Table of Contents**

proper or desirable, or advisable under applicable Laws (including obtaining all Required Regulatory Approvals and the confirmation of previously obtained determinations of non-control to the extent deemed necessary or advisable), so as to permit consummation of the transactions contemplated by the Transaction Documents as promptly as practicable and the Trust shall reasonably cooperate with the other parties hereto in connection with the foregoing; *provided* that under no circumstances shall any of AIG, the AIA SPV, the ALICO SPV and their respective Subsidiaries, the FRBNY, the UST and the Trust be under any obligation to agree to, or accept, any agreements, commitments or conditions, pursuant to a settlement or otherwise, with any Governmental Entity, or any other Person in connection with obtaining any Required Regulatory Approval or any other filings with, exemptions or reviews by, or authorizations, consents or approvals of, any Governmental Entity or any other Person required in connection with the consummation of the transactions contemplated by the Transaction Documents. In addition, each of AIG, the AIA SPV and the ALICO SPV agrees that it shall not, nor allow any of its Subsidiaries to, agree to, or accept, any such agreements, commitments or conditions without the prior written consent of the FRBNY, the UST and the Trust. To the extent that the Trust is required to submit or execute any Approval in connection with the transactions contemplated by this Agreement and the other Transaction Documents, such Approval shall be in a form and substance reasonably acceptable to the Trust.

(b) Subject to Section 9.03(a), the parties (other than the Trust) shall promptly make or cause to be made all filings and notifications with all Governmental Entities that are necessary, proper or advisable under the Transaction Documents and applicable Laws to complete and make effective the transactions contemplated by the Transaction Documents and the Trust shall reasonably cooperate with the other parties hereto in connection with the foregoing. AIG shall, and shall cause its Subsidiaries to, keep the FRBNY, the UST and the Trust apprised of all substantive communications with Governmental Entities (other than those that are parties to this Agreement) regarding the transactions contemplated by the Transaction Documents. AIG shall, and shall cause its Subsidiaries to, provide the FRBNY, the UST and the Trust (i) any information they reasonably request relating to any filings or notifications to be made by them or on their behalf and (ii) a reasonable opportunity to review in advance, consult with AIG or the applicable Subsidiary regarding and consider in good faith, and give reasonable consideration to, the views of the FRBNY, the UST and the Trust in connection with any filing made with, or written materials submitted to, or oral presentations made to, any Governmental Entity in connection with the transactions contemplated by the Transaction Documents.

Section 9.04. *Issuance of Warrants*. Prior to the Closing, AIG, acting through the AIG Board, shall declare a special stock dividend (the **Special Dividend** ) of warrants to purchase up to an aggregate of 75 million shares of AIG Common Stock at an initial exercise price of \$45.00 per share (the **Warrants** ) to the holders of record of AIG Common Stock on the record date

**Table of Contents**

for the Special Dividend (excluding any shares of AIG Common Stock held by AIG as treasury shares or by Subsidiaries of AIG). Unless otherwise agreed by the FRBNY, the UST and AIG, the record date for the Special Dividend shall be the Business Day prior to the date on which AIG, the FRBNY and the UST reasonably anticipate the Closing to occur. The Warrants issued pursuant to the Special Dividend shall be in the form of Exhibit A to the Warrant Agreement and will be subject to the terms and conditions of the Warrant Agreement.

Section 9.05. *Certain Notifications.* (a) From the date hereof until the Closing, except as Previously Disclosed, AIG shall promptly notify the FRBNY, the UST and the Trust of (i) any fact, event or circumstance to the knowledge of AIG which would reasonably be expected to cause any representation or warranty of AIG contained in this Agreement to be untrue or inaccurate in any material respect or to cause any covenant or agreement of AIG or any SPV contained in this Agreement not to be complied with or satisfied in any material respect, (ii) any fact, circumstance, event, change, occurrence, condition or development of which AIG is aware and which, individually or in the aggregate, has had or would reasonably be expected to have an AIG Material Adverse Effect or (iii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by the Transaction Documents; *provided, however*, that delivery of any notice pursuant to this Section 9.05(a) shall not limit or affect any rights of or remedies available to the FRBNY, the UST, the Trust or any of the Trustees; *provided, further*, that a failure to comply with clause (i) or (ii) of this Section 9.05(a) shall not constitute a breach of this Agreement or the failure of any condition set forth in Section 10.02(a) to be satisfied unless the underlying AIG Material Adverse Effect or material breach would independently result in the failure of a condition set forth in Section 10.02(a) to be satisfied.

(b) From and after the Closing Date, AIG shall promptly notify the FRBNY and the UST of any fact, event or circumstance to the knowledge of AIG which would reasonably be expected to cause any covenant or agreement of AIG or any SPV contained in this Agreement that contemplates performance after the Closing Date not to be complied with or satisfied in any material respect; *provided, however*, that delivery of any notice pursuant to this Section 9.05(b) shall not limit or affect any rights of or remedies available to the FRBNY or the UST.

Section 9.06. *Expenses.* (a) AIG agrees to pay or reimburse, at the option of the FRBNY or the UST, as applicable, all reasonable out-of-pocket expenses of the FRBNY and the UST relating to, or otherwise arising out of, (i) the preparation and administration of this Agreement and the other Transaction Documents, any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions hereby or thereby contemplated shall be consummated) or the exercise, enforcement or protection of any rights in connection with, or compliance with any obligations arising under, this Agreement and the other Transaction Documents, (ii) except as provided in

**Table of Contents**

Section 1.1(b) of the Registration Rights Agreement, the transactions contemplated by the Transaction Documents, (iii) the financial assistance provided under TARP, including any restructuring thereof, (iv) the FRBNY Credit Facility, (v) except as provided in Section 1.1(b) of the Registration Rights Agreement, the ownership by the FRBNY or the UST of any securities of AIG or any of its Subsidiaries (whether before or after the Closing), including any disposition thereof, (vi) any expenses incurred by the FRBNY under the Trust Agreement, including pursuant to Section 2.07(a) of the Trust Agreement and (vii) any other transactions among the FRBNY and/or the UST and AIG or any investment by the FRBNY and/or the UST in AIG, whether existing, hereafter entered into or contemplated, including in each case the fees, charges and disbursements of counsel, accountants, financial advisers, investment bankers and other experts engaged by any of the FRBNY or the UST; *provided, however*, that, notwithstanding the foregoing or anything to the contrary in this Agreement or the other Transaction Documents, no expense of the FRBNY or the UST shall be paid or reimbursed to the extent that it is expressly excluded from AIG's obligation to provide indemnity to any Indemnitee (or similar Person) under Section 9.07 or any indemnity clause in any other Transaction Document.

(b) AIG shall bear and pay all costs and expenses incurred by AIG, and each Subsidiary of AIG (including the SPVs) shall bear and pay all costs and expenses incurred by such Subsidiary, in each case, in connection with the transactions contemplated by the Transaction Documents; *provided* that the foregoing shall not limit or otherwise alter the obligation of the AIG Member (as such term is defined in the relevant SPV LLC Agreement) to bear and pay the Company Expenses (as such term is defined in the relevant SPV LLC Agreement) of each SPV pursuant to Section 4.03 of the relevant SPV LLC Agreement; *provided, however*, that under no circumstance shall AIG be required to bear or pay the SPV Section 338 Payment Amount or any costs or expenses incurred by such SPV to the extent that such costs or expenses may be deducted from gross proceeds pursuant to clause (ii)(A) of the definition of Net Proceeds in the Intercompany Guarantee and Pledge Agreement.

Section 9.07. *Indemnity.* (a) Except as expressly provided in Section 1.1(g) of the Registration Rights Agreement, AIG agrees to indemnify the UST, the FRBNY, their respective Affiliates and the directors, officers, employees, agents, attorneys, accountants and other professional advisers of any of the foregoing (each such Person, an

**Indemnitee**) against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and out-of-pocket disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with or as a result of (i) the execution or delivery of, the performance by the parties hereto of their respective obligations under, or the consummation of the transactions contemplated by, this Agreement, any other Transaction Document or any agreement or instrument contemplated hereby or thereby or (ii) any claim, litigation, investigation or proceeding relating to any of

**Table of Contents**

the foregoing, whether or not any Indemnitee is a party thereto (and regardless of whether such matter is initiated by a third party or by AIG or any of its Affiliates); *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related out-of-pocket expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted primarily from the gross negligence, bad faith or willful misconduct of such Indemnitee. All amounts due under this Section 9.07(a) shall be payable promptly upon written demand therefor.

(b) To the extent permitted by applicable Law, each of the parties to this Agreement agrees that no party to this Agreement shall assert, and each of the parties to this Agreement hereby waives, in advance, any claim against any Indemnitee of any party to this Agreement, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Transaction Document, any agreement or instrument contemplated hereby or thereby or any of the transactions contemplated by any of the foregoing.

Section 9.08. *Exculpation, Indemnification and Expenses of the Trust and the Trustees.* (a) It is expressly understood and agreed by the parties hereto that this Agreement (and any other agreement or instrument contemplated by this Agreement or any other Transaction Document) is being executed and delivered by the Trustees not individually or personally but solely in their capacities as Trustees in the exercise of the powers and authority conferred and vested in them as such Trustees, and under no circumstance shall any Trustee have any personal liability in such Trustee's individual capacity in connection with this Agreement, any other agreement or instrument contemplated by this Agreement or any other Transaction Document or any transaction contemplated by any of the foregoing.

(b) AIG agrees to indemnify the Trust and each of the Trustees, individually and as trustees of the Trust, and their respective agents, attorneys, accountants and other professional advisers (each such Person, a **Trust Indemnitee**) against, and to hold each Trust Indemnitee harmless, in each case to the maximum extent permitted by applicable Law, from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements and taxes (other than taxes based upon, measured by or determined by the income of such Trust Indemnitee except as a result of any amounts paid or payable pursuant to this Section 9.08) (collectively,

**Losses**), incurred by or asserted against any Trust Indemnitee in connection with the Trust, the Trust Agreement, the assets of the Trust, this Agreement, any Transaction Document, any other agreement or instrument contemplated by this Agreement or any other Transaction Document or any transaction contemplated by any of the foregoing, including any Losses arising out of, in any way connected with or as a result of (i) the execution or delivery of, the performance by the Trust of its obligations under, or the consummation of the transactions contemplated by, this Agreement, any other Transaction Document or any agreement or instrument contemplated hereby or thereby, (ii) the existence, operation or termination of the



**Table of Contents**

Trust or the assets of the Trust (including the Series C Preferred Stock and the Series C Exchanged Shares), (iii) any act taken or omitted to be taken by any Trust Indemnitee in the performance of, in connection with or arising out of its, his or her duties under the Trust Agreement or (iv) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Trust Indemnitee is a party thereto (and regardless of whether such matter is initiated by a third party or by AIG or any of its Affiliates); provided that such indemnity shall not, as to any Trust Indemnitee, be available to the extent that such Losses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted primarily from such Trust Indemnitee's willful conduct actually known by such Trust Indemnitee to be unlawful.

(c) To the maximum extent permitted by applicable Law, each of the parties to this Agreement agrees that no party to this Agreement shall assert, and each of the parties to this Agreement hereby waives, in advance, any claim against any Trust Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Transaction Document, any agreement or instrument contemplated hereby or thereby or any of the transactions contemplated by any of the foregoing.

(d) AIG shall pay all costs and expenses incurred or paid by the Trust and/or the Trustees in their capacities as trustees, in each case in the performance of or relating to its or their functions or duties under or in connection with the Trust Agreement, including any related costs and expenses incurred or paid by the Trustees following the termination of the Trust, and including without limitation (i) the reasonable compensation and the expenses and disbursements of the professional advisers and agents of the Trust and the Trustees in their capacities as trustees and (ii) the reasonable expenses incurred or paid by the Trust or the Trustees relating to, or otherwise arising out of, (A) the preparation and administration of this Agreement and the other Transaction Documents, any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions hereby or thereby contemplated shall be consummated) or the exercise, enforcement or protection of any rights in connection with, or compliance with any obligations arising under, this Agreement and the other Transaction Documents, (B) the ownership by the Trust of any securities of AIG or any of its Subsidiaries (whether before or after the Closing), including any disposition thereof, and (C) any other transactions between the Trust and AIG or any investment by the Trust in AIG, whether existing, hereafter entered into or contemplated, including in each case the fees, charges and disbursements of counsel, accountants, financial advisers, investment bankers and other experts engaged by the Trust or the Trustees.

(e) All amounts due under this Section 9.08 shall be payable by AIG promptly upon written demand therefor.

**Table of Contents**

(f) It is expressly understood and agreed by AIG, the FRBNY and the Trustees that, (i) prior to Closing, the Trustees shall distribute any and all funds held in the Deposit Account (as such term is defined in the Trust Agreement) to pay, pre-pay or reimburse (in whole or in part) any compensation, costs or other expenses owing to the Trustees under the terms of the Trust Agreement (including the reasonable compensation and the expenses and disbursements of the professional advisors and agents of the Trustees in their capacities as such and including prepayment, in whole or in part, thereof) such that, immediately prior to Closing, the balance of the Deposit Account (as such term is defined in the Trust Agreement) shall be zero, (ii) the Trustees shall not reimburse themselves at Closing for any outstanding amounts due them from the Trust under the terms of the Trust Agreement and shall not set aside at Closing any Trust reserves, (iii) the FRBNY acknowledges that, upon performance of all obligations under Section 2.03(a) hereof, the FRBNY shall waive any and all rights to reimbursement for all amounts the FRBNY advanced on behalf of the Trust in connection with the Trust's acquisition of the Series C Preferred Stock, (iv) AIG shall not be entitled to reimbursement for any amounts advanced by AIG under the Undertaking to Advance and Reimburse Expenses it executed in connection with the creation of the Trust and hereby waives any right to be reimbursed for such amounts under said undertaking and the terms of the Trust Agreement, (v) all cash and other assets (including the certificates evidencing the Series C Exchanged Shares) received by the Trustees at Closing shall, subject to the foregoing, be disposed of in accordance with the priority provided in Section 2.06(b) of the Trust Agreement (for the avoidance of doubt, any cash or other assets distributed to the United States Treasury pursuant to the terms of the Trust Agreement shall be managed on behalf of the United States Treasury by the UST) and (vi) at any and all times after the Closing, the Trust and each Trustee shall be entitled to payment and reimbursement pursuant to the other provisions of this Section 9.08 and, to the extent otherwise applicable, the Trust Agreement or Trust Policy for all costs and other expenses (including the reasonable compensation and the expenses and disbursements of the professional advisors and agents of the Trustees in their capacity as such) incurred by any of them in accordance with the Trust Agreement. To the extent that any provision of this Agreement, including any provision of this Section 9.08(f), is inconsistent with any provision of the Trust Agreement, the Trust Agreement is hereby deemed amended to conform with the provisions hereof.

(g) It is expressly acknowledged and agreed by the FRBNY and the UST that, effective as of the Closing, unless the FRBNY or the UST gives written notice to the contrary to the Trust prior to the Closing: (i) each Trustee shall have fully discharged all of his or her duties, responsibilities and obligations as a trustee of the Trust in accordance with the provisions of the Trust Agreement and the Applicable Standard of Care (as defined in the Trust Agreement), (ii) the Trustees shall (to the maximum extent permitted by applicable Law) be released and forever discharged, individually and as a trustee of the Trust, without the need for any additional documentation thereof, from all claims, demands, proceedings,

**Table of Contents**

causes of action, obligations, damages, complaints, judgments, agreements, contracts, promises, orders, debts and liabilities whatsoever, in law or equity or otherwise, whether or not currently known, suspected or claimed, fixed, absolute or contingent, matured or unmatured, asserted or unasserted, arising out of, in respect of or in connection with any act taken or omitted to have been taken by the Trust or any Trustee in the performance of, in connection with or arising out of its, his or her *duties* under the Trust Agreement and of which the FRBNY or the UST is aware (including with respect to the Transaction Documents and the transactions contemplated by the Transaction Documents) and (iii) the FRBNY and the UST (in its capacity as manager of the Series C Exchanged Shares on behalf of the United States Treasury) each irrevocably covenants to refrain from, directly or indirectly, asserting any claim or demand, or commencing, instituting, prosecuting or causing to be commenced, instituted or prosecuted, any proceeding of any kind against any Trustee, based in whole or in part upon any matter released hereby.

Section 9.09. *Trust Policy and Letter of Credit.* (a) AIG shall use its commercially reasonable efforts to obtain on or prior to the Closing, and shall fully pay for by Closing and shall at all times after Closing maintain in effect for at least six years (and shall use its commercially reasonable efforts to obtain seven years) following the termination of the Trust, (i) an insurance policy affording coverage with respect to all the Trustees and covering actual and alleged wrongful acts or omissions done or omitted to be done by any Trustee in connection with his or her capacity as a trustee of the Trust, and such insurance policy shall: (A) be underwritten by insurers that are not Affiliates of AIG and each of which possesses an A.M. Best Financial Rating of A- or Greater, *provided* that up to, but not more than, \$50 million of the aggregate coverage of such policy may be underwritten by an insurance subsidiary of Chartis, Inc. reasonably acceptable to the Trustees; (B) provide coverage on a claims made and reported basis; (C) have an aggregate limit of liability of not less than \$250 million; and (D) be in all other respects in form and substance reasonably satisfactory to the Trustees (such policy, the Trust Policy); and (ii) an irrevocable standby letter of credit in the amount of at least \$5,200,000 in favor of the Trustees, issued by a major U.S. bank reasonably acceptable to the Trustees, for the purpose of (x) indemnifying and reimbursing each Trustee for all costs and expenses that may be incurred by such Trustee in the performance of or relating to his or her functions or duties under or in connection with the Trust Agreement, including related costs and expenses incurred or paid by the Trustees following the termination of the Trust, and (y) indemnifying and reimbursing each Trustee for deductibles paid or incurred by the Trustees under the Trust Policy, in each case to the extent such costs and expenses are not covered or timely paid pursuant to the Trust Policy or Section 9.08, which irrevocable standby letter of credit shall: (A) not be terminable without the prior written consent of all the Trustees; and (B) be in all other respects in form and substance reasonably acceptable to the Trustees (the Letter of Credit). Each of the Trustees shall execute and deliver to each relevant insurance provider an application for insurance in a form reasonably satisfactory to the Trustees.

(b) As soon as reasonably practicable after AIG shall have located an insurance policy that it reasonably believes satisfies the criteria for a Trust Policy set forth in Section 9.09(a), AIG shall deliver to the Trust a copy of such insurance policy (including all riders) and such other information and documents as reasonably requested by the Trust. Following receipt of such documents and information, the Trust shall use its commercially reasonable efforts to review such insurance policy and to notify AIG within three (3) days after such receipt as to whether or not such insurance policy is reasonably satisfactory in form and substance to the Trust. The Trust shall notify AIG on December 21, 2010 whether or not it believes that the condition to Closing set forth in Section 10.06(b) has been satisfied.

(c) Promptly after obtaining a binder for the Trust Policy, but in no event later than the Closing Date, AIG shall deliver a correct and complete copy of such binder to the Trust. The Trust Policy will be delivered to the Trust immediately upon receipt from the insurers.

**Table of Contents**

Section 9.10. *Trust Consent.* (a) For purposes of Section 6.8 of the Series C Perpetual, Convertible, Participating Preferred Stock Purchase Agreement dated as of March 1, 2009 between AIG and the Trust, the Trust hereby consents to the issuance of the Series C Exchanged Shares, the Series E Exchanged Shares, the Series F Exchanged Shares, the Series G Preferred Stock, the Warrants and the AIG Common Stock issuable upon conversion of the Series G Preferred Stock and exercise of the Warrants upon the terms and subject to the conditions set forth in the Transaction Documents.

(b) For the avoidance of doubt, following the termination of the Trust, any agreement to which any of AIG, the AIA SPV, the ALICO SPV, the FRBNY, the UST or the Trust is a party that would otherwise have required the approval or consent of the Trust or the Trustees shall not require such approval or consent (it being understood, for the avoidance of doubt, that nothing herein shall limit or otherwise affect any right assigned by the Trust or the Trustees to any permitted assignee under any such agreement).

Section 9.11. *Waiver Agreement.* The Waiver Agreement shall not be amended, modified or supplemented on or prior to the Closing without the prior written consent of AIG, the FRBNY and the UST.

Section 9.12. *Effect on Agreement in Principle.* Upon the execution and delivery of this Agreement by each of the parties hereto, the agreement in principle dated as of September 30, 2010 among AIG, the UST, the FRBNY and the Trust shall automatically terminate and be of no further force and effect.

Section 9.13. *Stock Exchange Listing.* AIG shall use its reasonable best efforts to cause (a) the Series C Exchanged Shares, the Series E Exchanged Shares, the Series F Exchanged Shares and the AIG Common Stock issuable upon the exercise of the Warrants to be listed on the New York Stock Exchange, subject to official notice of issuance, on or prior to the Closing and (b) the AIG Common Stock issuable upon conversion of the Series G Preferred Stock to be listed on the New York Stock Exchange, subject to official notice of issuance, on or prior to the Conversion Date (as defined in the Amended and Restated Purchase Agreement), and AIG shall thereafter maintain such listings for so long as any AIG Common Stock is listed on the New York Stock Exchange (*provided* that the foregoing obligation (x) shall terminate with respect to the AIG Common Stock issuable upon exercise of the Warrants to the extent the Warrants have been terminated in accordance with their terms prior to the exercise or conversion thereof and (y) shall not be effective with respect to AIG Common Stock issuable upon conversion of the Series G Preferred Stock if on the conversion date the aggregate liquidation preference of such Series G Preferred Stock is \$0 or if at any earlier time the Series G Preferred Stock has been redeemed in full and the Available Amount (as defined in the Amended and Restated Purchase Agreement) is \$0).

**Table of Contents**

Section 9.14. *Obligations of the SPVs.* AIG shall take all action necessary to cause each SPV to perform its obligations under the Transaction Documents on the terms and conditions set forth in the Transaction Documents.

Section 9.15. *Certain Transactions.* AIG will not merge or consolidate with, or sell, transfer or lease all or substantially all of its property or assets to, any other party unless (a) the successor, transferee or lessee party (or its ultimate parent entity), as the case may be (if not AIG), expressly assumes the due and punctual performance and observance of each and every covenant, agreement and condition of this Agreement and the other Transaction Documents to be performed and observed by AIG or (b) the FRBNY and the UST agree otherwise in writing.

Section 9.16. *Confidentiality.* The UST will use reasonable best efforts to hold, and will use reasonable best efforts to cause its agents, consultants, contractors and advisors (including the Observers designated by the UST) to hold, in confidence all non-public records, books, contracts, instruments, computer data and other data and information concerning AIG, the AIA SPV or the ALICO SPV furnished or made available to the UST by any of the foregoing or any representative thereof pursuant to this Agreement (except to the extent that such information can be shown to have been (a) previously known by the UST on a non-confidential basis, (b) in the public domain through no fault of the UST or (c) later lawfully acquired from other sources by the UST (and without violation of any other confidentiality obligation)); *provided* that nothing herein shall prevent the UST from disclosing any such information to the extent required by applicable Law or by any subpoena or similar legal process.

ARTICLE 10

Conditions to the Recapitalization

Section 10.01. *Conditions to the Obligations of Each Party.* The obligations of AIG, the AIA SPV, the ALICO SPV, the FRBNY, the UST and the Trust to consummate the Recapitalization are subject to the satisfaction (or, to the extent permitted by applicable Law, waiver by each party) of the following conditions:

(a) the borrowings under the AIA SPV Intercompany Loan Agreement and the ALICO SPV Intercompany Loan Agreement shall be sufficient to repay at the Closing all outstanding Loans together with accrued and unpaid interest thereon and any other amounts outstanding under the FRBNY Credit Facility (including any fees or other amounts that may become due upon termination of the FRBNY Credit Facility) in full;

(b) the AIG Stockholder Approval shall have been obtained in accordance with the rules of the New York Stock Exchange, Delaware Law and the certificate of incorporation and bylaws of AIG; *provided* that, for the

**Table of Contents**

avoidance of doubt, 20 calendar days shall have elapsed since the date that AIG sent or gave the AIG Information Statement to its stockholders in accordance with clause (b) of Rule 14c-2 promulgated under the 1934 Act;

(c) the financial condition of AIG, the primary insurance companies of Chartis, Inc. and the primary insurance companies of SunAmerica Financial Group, taking into account the Recapitalization and the ratings profile of such companies, shall be reasonably acceptable to the FRBNY, the UST, the Trust and AIG;

(d) all Approvals set forth on Section 10.01(d) of the AIG Disclosure Schedule (collectively, the **Required Regulatory Approvals** ) shall have been obtained or made in form and substance reasonably satisfactory to the FRBNY, the UST and AIG and shall be in full force and effect; *provided*, that if any Approval is not set forth on Section 10.01(d) of the AIG Disclosure Schedule, but is nevertheless reasonably determined by any of the FRBNY, the UST or AIG to be so required to be made or obtained in order to consummate the transactions contemplated by the Transaction Documents, then such Person may require, upon delivery of written notice thereof to the other parties hereto, that such Approval be obtained before consummation of the Closing;

(e) no provision of any applicable Law shall prohibit the consummation of the transactions contemplated hereby or by the other Transaction Documents; *provided* that, if the failure to obtain or make any Approval would not cause the condition set forth in Section 10.01(d) not to be satisfied, then the failure to obtain or make such Approval shall not cause the condition set forth in this Section 10.01(e) not to be satisfied;

(f) there shall not be in effect any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award by a Governmental Entity of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by the Transaction Documents; *provided* that, if the failure to obtain or make any Approval would not cause the condition set forth in Section 10.01(d) not to be satisfied, then the failure to obtain or make such Approval shall not cause the condition set forth in this Section 10.01(f) not to be satisfied notwithstanding that any such failure may result in any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of the type specified in this Section 10.01(f); and

(g) each party shall have received executed counterparts to each of Transaction Documents to be entered into at the Closing to which it is a party from each of the other parties thereto and such Transaction Documents shall be in full force and effect.

Section 10.02. *Conditions to the Obligations of the FRBNY, the UST and the Trust.* The obligations of the FRBNY, the UST and the Trust to consummate the Recapitalization are subject to the satisfaction (or, to the extent permitted by

**Table of Contents**

applicable Law, waiver by each of the FRBNY, the UST and the Trust, except with respect to the conditions set forth in Section 10.02(f) and (g), which conditions may be waived solely by the FRBNY and the UST) of the following further conditions:

(a) (i) (A) the representations and warranties of AIG contained in Sections 5.01, 5.02, 5.03, 5.04, 5.05, 5.08, 5.11 and 5.26 shall be true and correct as though made at and as of the Closing (other than representations and warranties that by their terms speak as of another time, which representations and warranties shall be true and correct as of such other time) and (B) the other representations and warranties of AIG contained in this Agreement (which shall each be read, for purposes of this Section 10.02(a), without any qualifications or limitations whatsoever that may be set forth in any such representations and warranties as to materiality, AIG Material Adverse Effect and words of similar import) shall be true and correct as though made at and as of the Closing (other than representations and warranties that by their terms speak as of another time, which representations and warranties shall be true and correct as of such other time), except, in the case of this clause (B) only, to the extent that the failure of such representations and warranties to be so true and correct, individually or in the aggregate, does not have and would not reasonably be expected to have an AIG Material Adverse Effect; (ii) AIG and the SPVs shall have performed in all material respects all obligations required to be performed by them under this Agreement at or prior to the Closing; and (iii) the FRBNY, the UST and the Trust shall have received a certificate signed by an executive officer of AIG to the foregoing effect;

(b) AIG shall have duly adopted and filed with the Secretary of State of the State of Delaware the Series G Certificate of Designations and such filing shall have been accepted;

(c) AIG shall have delivered to the UST a written opinion from counsel to AIG (which may be internal counsel), addressed to the UST and dated as of the Closing Date, in substantially the form attached hereto as Annex A hereto;

(d) AIG shall have delivered to the Trust a written opinion from counsel to AIG (which may be internal counsel), addressed to the Trust and dated as of the Closing Date, in substantially the form attached hereto as Annex B hereto;

(e) there shall not have occurred any event of the type described in clauses (i) through (iv) of the definition of Bankruptcy with respect to AIG, the AIA SPV, the ALICO SPV or any Designated Entity;

(f) AIG shall not have drawn on the Series F Drawdown Right on or after September 30, 2010 and prior to the Closing by an amount in aggregate in excess of \$2 billion;

**Table of Contents**

(g) AIG shall have achieved its year-end 2010 targets for the de-risking of AIGFP, as set forth in AIG most recent AIG FP contingent liquidity plan delivered to the FRBNY and the UST prior to the date hereof; and

(h) the Series C Exchanged Shares, the Series E Exchanged Shares, the Series F Exchanged Shares and the AIG Common Stock issuable upon the exercise of the Warrants shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

Section 10.03. *Additional Condition to the Obligations of the FRBNY.* The obligations of the FRBNY to consummate the Recapitalization are subject to the satisfaction (or, to the extent permitted by applicable Law, waiver by the FRBNY) of the following further condition: the FRBNY shall have received evidence reasonably satisfactory to it that, immediately after the Closing, the FRBNY would not hold AIA/ALICO Preferred Interests having an Aggregate AIA/ALICO Liquidation Preference when combined with the aggregate preferred returns earned on such AIA/ALICO Preferred Units since the most recent fiscal quarter then ended through (but not including) the Closing in excess of \$2 billion.

Section 10.04. *Additional Condition to the Obligations of the FRBNY, the UST, AIG and the SPVs.* The obligations of AIG, the AIA SPV, the ALICO SPV, the FRBNY and the UST to consummate the Recapitalization are subject to the satisfaction (or, to the extent permitted by applicable Law, waiver by each of AIG, the AIA SPV, the ALICO SPV, the FRBNY and the UST) of the following further condition: AIG shall have in place at the Closing available cash and third party financing commitments in amounts and on terms reasonably acceptable to the FRBNY, the UST and AIG.

Section 10.05. *Additional Condition to the Obligations of AIG and the SPVs.* The obligations of AIG, the AIA SPV and the ALICO SPV to consummate the Recapitalization are subject to the satisfaction (or, to the extent permitted by applicable Law, waiver by AIG) of the following further condition: each of the FRBNY, the UST and the Trust shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing.

Section 10.06. *Additional Conditions to the Obligations of the Trust.* The obligations of the Trust to consummate the Recapitalization are subject to the satisfaction (or, to the extent permitted by applicable Law, waiver by the Trust) of the following further conditions: (a) the Trust shall not have received written notice from the FRBNY or the UST pursuant to Section 9.08(g) hereof prior to the Closing; (b) the Trust shall have received on or prior to the Closing evidence reasonably satisfactory to it that the Trust Policy (which satisfies all the criteria set forth in Section 9.09(a)) is fully paid and in full force and effect on the Closing Date; and (c) the Letter of Credit shall have been delivered to the Trustees at the Closing.



**Table of Contents**

ARTICLE 11

Termination

Section 11.01. *Termination.* This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written agreement of AIG, the FRBNY, the UST and the Trust;

(b) by any of AIG, the FRBNY, the UST or the Trust, if:

(i) the Closing has not been consummated on or before March 15, 2011 (the **End Date** ); *provided, however*, that if on the End Date any of the conditions set forth in Sections 10.01(d), 10.01(e) or 10.01(f) shall not have been satisfied, any of AIG, the FRBNY, the UST or the Trust, in its discretion, may extend the End Date for one or more periods of up to 30 days per extension (but in any event until no later than May 15, 2011) by delivering written notice thereof to the other parties (in which case any references to the End Date herein shall mean the End Date as extended); *provided* that the right to terminate this Agreement pursuant to this Section 11.01(b)(i) shall not be available to any party whose breach of any provision of this Agreement results in the failure of the Closing to be consummated by such time; or

(ii) any Governmental Entity of competent jurisdiction shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by any of the Transaction Documents that would cause the condition set forth in Section 10.01(f) not to be satisfied and such order, decree, ruling or other action shall have become final and nonappealable;

(c) by the FRBNY, the UST or the Trust, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of AIG or any SPV set forth in this Agreement shall have occurred that would cause the condition set forth in Section 10.02(a) not to be satisfied, and such condition is incapable of being satisfied by the End Date; or

**Table of Contents**

(d) by AIG, if a failure to perform any covenant or agreement on the part of the FRBNY, the UST or the Trust set forth in this Agreement shall have occurred that would cause the condition set forth in Section 10.04 not to be satisfied, and such condition is incapable of being satisfied by the End Date.

The party desiring to terminate this Agreement pursuant to this Section 11.01 (other than pursuant to Section 11.01(a)) shall give notice of such termination to the other parties.

Section 11.02. *Effect of Termination.* If this Agreement is terminated pursuant to Section 11.01, this Agreement shall become void and of no effect without liability of any party (or any stockholder, director, officer, employee, agent, consultant or representative of such party) to the other party hereto; *provided* that nothing herein shall relieve either party from liability for any breach of this Agreement. The provisions of this Section 11.02 and Sections 3.01(b) (last sentence), 3.02(e)(ii), 3.03(e), 9.06, 9.07, 9.08, 9.12, 9.16, 12.01, 12.06, 12.07 and 12.08 shall survive any termination hereof pursuant to Section 11.01.

ARTICLE 12

Miscellaneous

Section 12.01. *Notices.* Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second Business Day following the date of dispatch if delivered by a recognized next day courier service. All notices to a party shall be delivered to the address or facsimile number set forth below, or to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto.

If to the FRBNY:

Federal Reserve Bank of New York  
33 Liberty Street  
New York, NY 10045-0001  
Attention: Brett Phillips, Counsel and Assistant Vice President  
Facsimile: (212) 720-1530  
Telephone: (212) 720-5166

**Table of Contents**

with a copy to:

Davis Polk & Wardwell LLP  
450 Lexington Avenue  
New York, NY 10017  
Attention: Paul R. Kingsley and John K. Knight  
Facsimile: (212) 450-3800  
Telephone: (212) 450-4000

If to the UST:

United States Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220  
Attention: Chief Counsel, Office of Financial Stability  
Telephone: (202) 927-2800

with a copy to:

Davis Polk & Wardwell LLP  
450 Lexington Avenue  
New York, NY 10017  
Attention: Paul R. Kingsley and John K. Knight  
Facsimile: (212) 450-3800  
Telephone: (212) 450-4000

If to the Trust:

AIG Credit Facility Trust  
c/o Kevin F. Barnard  
Arnold & Porter LLP  
399 Park Avenue  
New York, New York 10022  
Facsimile: (212) 715-1399  
Telephone: (212) 715-1000

If to AIG or either SPV:

American International Group, Inc.  
180 Maiden Lane  
New York, NY 10038  
Attention: General Counsel  
Facsimile: (212) 785-2175  
Telephone: (212) 770-7000

**Table of Contents**

with a copy to:

Sullivan & Cromwell LLP

125 Broad Street

New York, NY 10004

Attention: Robert W. Reeder III, Michael M. Wiseman, Gary Israel

Facsimile: (212) 558-3585

Telephone: (212) 558-4000

Section 12.02. *Survival of Representations and Warranties.* The representations and warranties contained herein (other than Sections 5.01, 5.02, 5.03, 5.04, 5.05, 5.08, 5.11 and 5.26) shall not survive the Closing.

Section 12.03. *Amendments and Waivers.* (a) Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement or, in the case of a waiver, by each party against whom the waiver is to be effective; *provided, however*, that (i) the provisions of Article 6 (other than Section 6.06) may be amended in a writing signed solely by AIG and the UST, (ii) the provisions of Section 6.06 may be amended in a writing signed solely by AIG and the FRBNY, (iii) the provisions of Article 7 may be amended in a writing signed solely by AIG, the AIA SPV, the ALICO SPV, the UST and, if not the UST, the Rights Holder, (iv) the provisions of Article 8 may be amended in a writing signed solely by AIG, the UST and, if not the UST, the Rights Holder, (v) the provisions of Section 4.03 may be amended in a writing signed solely by AIG, the AIA SPV, the ALICO SPV, the UST and the FRBNY, (vi) the provisions of Section 9.16 may be amended in a writing signed solely by AIG and the UST and (vii) the provisions of Section 12.13 may be amended in a writing signed solely by AIG, the FRBNY and the UST; *provided, further*, that following the Closing and the termination of the Trust in accordance with the Trust Agreement, the provisions of this Agreement may be amended without the consent of the Trust. No waiver will be effective unless it is in a writing signed by a duly authorized officer of the waiving party that makes express reference to the provision or provisions subject to such waiver.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by applicable Law.

Section 12.04. *Waiver of Conditions.* Subject to the lead-in to Section 10.02, the conditions to each party's obligation to consummate the Closing are for the sole benefit of such party and may be waived by such party in whole or in part to the extent permitted by applicable Law.

**Table of Contents**

Section 12.05. *AIG Disclosure Schedule*. Matters reflected in any section of this Agreement, including any section or subsection of the AIG Disclosure Schedule, are not necessarily limited to matters required by this Agreement to be so reflected. Such additional matters are set forth for informational purposes and do not necessarily include other matters of a similar nature. No reference to or disclosure of any item or other matter in any section of this Agreement, including any section or subsection of the AIG Disclosure Schedule, shall be construed as an admission or indication that such item or other matter is material or that such item or other matter is required to be referred to or disclosed in this Agreement or the AIG Disclosure Schedule. Without limiting the foregoing, no such reference to or disclosure of a possible breach or violation of any contract, applicable Law or Order shall be construed as an admission or indication that breach or violation exists or has actually occurred.

Section 12.06. *Binding Effect; Benefit; Assignment*. (a) The provisions of this Agreement shall be binding upon and shall, except as provided in Sections 9.07 and 9.08, inure to the benefit of the parties hereto and their respective successors and assigns. Except as provided in Sections 9.07 and 9.08, no provision of this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any Person other than the parties hereto and their respective successors and assigns; *provided* that the provisions of Section 11.08 (Successors and Assigns) of each SPV LLC Agreement shall apply to the provisions of Section 4.03, Article 7 and Article 8 to the same extent as though such provisions were directly incorporated into and made part of such agreements as though set forth in full therein.

(b) Subject to the proviso to clause (a) above, neither this Agreement nor any right, remedy, obligation nor liability arising hereunder or by reason hereof shall be assignable by any party hereto without the prior written consent of the other parties, and any attempt to assign any right, remedy, obligation or liability hereunder without such consent shall be void, except (i) an assignment, in the case of a Business Combination or a sale of substantially all of its assets, to the entity which is the survivor of such Business Combination or the purchaser in such sale and (ii) the UST may assign its right to receive the AIG Common Stock, Series G Preferred Stock and/or Purchased AIA/ALICO Preferred Units hereunder to a trust or similar entity established solely for such purpose. **Business Combination** means merger, consolidation, statutory share exchange or similar transaction that requires the approval of AIG's stockholders.

Section 12.07. *Governing Law; Submission to Jurisdiction; Service of Process*. This Agreement, and the rights and obligations of the parties hereunder, shall be governed by, and construed and interpreted in accordance with, United States federal law and not the law of any State. To the extent that a court looks to the laws of any State to determine or define the United States federal law, it is the intention of the parties hereto that such court shall look only to the laws of the State of New York without regard to its rules of conflicts of laws. Each of the parties hereto agrees (a) to submit to the exclusive jurisdiction and venue of the

**Table of Contents**

United States District Court for the Southern District of New York for any and all actions, suits or proceedings arising out of or relating to this Agreement or the transactions contemplated hereby (other than any claim against the UST for monetary damages in excess of \$10,000, for which each party hereto agrees to submit to the exclusive jurisdiction and venue of the United States Court of Federal Claims), and (b) that notice may be served upon (i) AIG or any SPV at the address and in the manner set forth for notices to AIG or such SPV in Section 12.01, (ii) the Trust at the address and in the manner set forth for notices to the Trust in Section 12.01 and (iii) the FRBNY or the UST in accordance with federal law.

Section 12.08. *WAIVER OF JURY TRIAL*. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 12.09. *Counterparts; Effectiveness*. This Agreement may be executed in any number of counterparts and by different parties, each of which when so executed shall be deemed an original, and all of which taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or by PDF file (portable document format file) shall be as effective as delivery of a manually executed counterpart of this Agreement. Until and unless each party has received a counterpart hereof signed by the other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

Section 12.10. *Entire Agreement*. This Agreement and the other Transaction Documents constitute the entire agreement between the parties with respect to the subject matter of this Agreement and the other Transaction Documents and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement and the other Transaction Documents.

Section 12.11. *Severability*. (a) The parties intend for the Recapitalization to constitute a single, integrated, non-severable transaction.

(b) Subject to Section 12.11(a), if any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Entity to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the Recapitalization is not affected in any manner materially adverse to any party hereto. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in

**Table of Contents**

order that the Recapitalization be consummated as originally contemplated to the fullest extent possible.

Section 12.12. *Specific Performance.* (a) The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, (b) it is accordingly agreed that, without the necessity of posting bond or other undertaking, the parties hereto shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in accordance with this Agreement (in each case, other than against the UST), this being in addition to any other remedy to which such party is entitled at law or in equity and (c) in the event that any action is brought in equity to enforce the provisions of this Agreement, no party hereto shall allege, and each party hereto (other than the UST) hereby waives, the defense or counterclaim that there is an adequate remedy at law.

Section 12.13. *No Waiver of Attorney-Client, Work Product or Other Privilege.* From and after the Closing, notwithstanding anything to the contrary in this Agreement, the other Transaction Documents or any other agreement between AIG and/or its Subsidiaries, on the one hand, and any of the FRBNY and the UST, on the other hand:

(a) none of AIG, its Subsidiaries and their respective directors, officers, employees, agents and representatives shall be obligated to provide or disclose any information or materials to any of the FRBNY and the UST and their respective directors, officers, employees, agents and representatives, notwithstanding that such provision or disclosure would otherwise be required pursuant to this Agreement, the other Transaction Documents or any other agreement, if the receipt of such information or materials would, in the reasonable judgment of AIG's counsel, constitute a waiver of (i) the attorney-client privilege and any other substantially similar privilege between any of AIG, its Subsidiaries and their respective directors, officers, employees, agents and representatives, on the one hand, and such Person's or Persons' counsel, on the other hand or (ii) a work product privilege applicable to such information or materials; and

(b) AIG shall have the right to exclude the Observers from all or any portion of any meeting of the AIG Board (or any committee thereof), and to withhold any information or materials from the Observers, if the Observers' attendance at such meeting (or portion thereof) or receipt of such information or materials would, in the reasonable judgment of AIG's counsel, constitute a waiver

**Table of Contents**

of (i) the attorney-client privilege between AIG and its counsel or (ii) a work product privilege applicable to such information or materials;  
*provided, however,* that AIG shall use its reasonable best efforts to ensure that any withholding of information or materials or any restriction on attendance is strictly limited only to the extent necessary for the applicable purpose specified in the preceding clauses (a) and (b); *provided, further,* that, to the extent that any information or materials required to be delivered pursuant to Section 6.02(a), 6.04(a) or 7.09(b) would be withheld pursuant to this Section 12.13, AIG shall use its commercially reasonable efforts to enter into a joint defense agreement or implement such other techniques if the parties hereto determine that such agreement or other techniques would reasonably be available to the parties under the circumstances and that entering into such an agreement or implementing such a technique would reasonably permit the disclosure of such information to the UST and, in the case of disclosure that would be required pursuant to Section 6.04(a), the Special Inspector General of TARP and the Comptroller General of the United States, in each case, without jeopardizing the applicable privilege; *provided, further,* that nothing in this Section 12.13 shall be construed to limit the authority that the Special Inspector General of TARP or the Comptroller General of the United States have under Law.

*[The remainder of this page has been intentionally left blank; the next page is the signature page.]*



**Table of Contents**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers or trustees as of the date set forth on the cover page of this Agreement.

**UNITED STATES DEPARTMENT OF THE  
TREASURY**

By: /s/ Timothy G. Massad  
Name: Timothy G. Massad  
Title: Acting Assistant Secretary for  
Financial Stability

**FEDERAL RESERVE BANK OF NEW YORK**

By: /s/ Roseann Stichnoth  
Name: Roseann Stichnoth  
Title: Executive Vice President

**AIG CREDIT FACILITY TRUST**

/s/ Jill M. Considine  
Name: Jill M. Considine  
Title: Trustee

/s/ Chester B. Feldberg  
Name: Chester B. Feldberg  
Title: Trustee

/s/ Peter A. Langerman  
Name: Peter A. Langerman  
Title: Trustee

*[Signature Page to Master Transaction Agreement]*

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**Table of Contents**

**AMERICAN INTERNATIONAL GROUP,  
INC.**

By: /s/ Brian T. Schreiber  
Name: Brian T. Schreiber  
Title: Executive Vice President,  
Treasury and Capital  
Markets

**ALICO HOLDINGS LLC**

By: /s/ Brian T. Schreiber  
Name: Brian T. Schreiber  
Title: Manager

**AIA AURORA LLC**

By: /s/ Brian T. Schreiber  
Name: Brian T. Schreiber  
Title: Manager

*[Signature Page to Master Transaction Agreement]*

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**Table of Contents**

**AIG DISCLOSURE SCHEDULE**

The information set forth herein is the Disclosure Schedule (the **AIG Disclosure Schedule** ) of American International Group, Inc. ( **AIG** ) referenced in the Master Transaction Agreement, dated as of December 8, 2010, among AIG, the AIA SPV, the ALICO SPV, the FRBNY, the UST and the Trust (the **Master Transaction Agreement** ). Capitalized terms used and not defined herein will have the meanings ascribed to such terms in the Master Transaction Agreement.

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**Table of Contents**

**SECTION 1.01(A)**

**KNOWLEDGE OF AIG**

As used in the Master Transaction Agreement, the term knowledge of AIG means the actual knowledge as of the date hereof (other than in respect of Section 9.05 of the Master Transaction Agreement, in which case it shall mean the actual knowledge as of the relevant time between the date hereof and the Closing) after reasonable inquiry of any of the following individuals:

1. Executive Vice President Legal, Compliance, Regulatory Affairs, Government Affairs and General Counsel of AIG.
2. Executive Vice President and Chief Financial Officer of AIG.
3. Deputy General Counsel, AIG; General Counsel, Restructuring and Mergers & Acquisitions.
4. Senior Vice President and Deputy General Counsel (Corporate Securities), AIG.
5. With respect to Section 5.16 (Litigation and Other Proceedings) of the Master Transaction Agreement only, Deputy General Counsel, Corporate Litigation Group, AIG.
6. With respect to Section 5.17 (Compliance with Laws) of the Master Transaction Agreement only, Chief Compliance Officer, AIG.

**Table of Contents**

**SECTION 5.02**

**CAPITALIZATION**

Capitalization Date: November 30, 2010

**Common Stock**

Par value: \$2.50

Total Authorized: 5,000,000,000 shares

Outstanding: 140,029,102 shares

Subject to warrants, options, convertible securities, etc.: 3,737,705 shares<sup>1</sup>

Reserved for benefit plans and other issuances (other than subject to warrants, options, convertible securities, etc.):  
61,124,156 shares<sup>2</sup>

Remaining authorized but unissued: 4,859,970,898 shares

**Serial Preferred Stock**

Par value: \$5.00

Total Authorized: 100,000,000 shares

Outstanding (by series):

100,000 shares of Series C Preferred Stock

400,000 shares of Series E Preferred Stock

300,000 shares of Series F Preferred Stock

Issued: 800,000 shares

Reserved for Issuance: 0 shares

Remaining authorized but unissued: 0 shares

<sup>1</sup> Does not include Series C, E or F Exchanged Shares.

<sup>2</sup> Includes 60,000,000 shares authorized under the American International, Group, Inc. 2010 Stock Incentive Plan.  
Does not include Series C, E or F Exchanged Shares.

**Table of Contents**

**SECTION 8.01(a)**

**DESIGNATED ENTITY CONSENT RIGHTS**

Notwithstanding anything to the contrary in Section 8.01(a) of the Master Transaction Agreement:

1. AIG and any Designated Entity and/or Subsidiary thereof shall be permitted to sell the Shares (as such term is defined in the Star-Edison Purchase Agreement) to Prudential Financial, Inc. in accordance with the terms and conditions of the Star-Edison Purchase Agreement.
2. Star, Edison and their respective Subsidiaries shall be permitted to act in the Ordinary Course of Business (as such term is defined in the Star-Edison Purchase Agreement).
3. Star, Edison and their respective Subsidiaries shall be permitted to act as permitted or contemplated by Section 5.01 of the Seller Disclosure Letter delivered by AIG under the Star-Edison Purchase Agreement (the Seller Disclosure Letter ) and, for the avoidance of doubt, shall be permitted to act as required by the Star-Edison Purchase Agreement.
4. Edison and AIG Financial Assurance Japan, K.K. shall be permitted to amend their respective articles of incorporation in accordance with the terms of Section 5.15 of the Star-Edison Purchase Agreement.
5. AIG and any Designated Entity and/or Subsidiary thereof shall be permitted to (a) terminate or amend intercompany obligations or arrangements pursuant to Section 5.07 of the Star-Edison Purchase Agreement and (b) complete the certain actions set forth in Section 5.17(a) of the Seller Disclosure Letter.
6. Star, Edison and their respective Subsidiaries shall be permitted to maintain the levels of indebtedness described in Section 3.03(a) and permitted by Section 5.01 of the Star-Edison Purchase Agreement.
7. Nan Shan may establish a Securities Lending Management Program in which it may lend up to 30% of its total Taiwanese equity holdings pool (approximately \$2 billion as of the date of this AIG Disclosure Letter) through the Securities Borrowing and Lending System on the Taiwan Stock Exchange.

**Table of Contents**

**SECTION 9.01(a)**

**INTERIM OPERATING COVENANTS**

Notwithstanding anything to the contrary in Section 9.01(a) of the Master Transaction Agreement, AIG may, and may cause its Subsidiaries to, liquidate, wind-down, reorganize or restructure any of the following:

1. AIG Consumer Finance Group, Inc. and its subsidiaries.
2. AIG Credit Corp. and its subsidiaries.
3. AIG Financial Products Corp. and its subsidiaries.

-5-

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**Table of Contents**

**SECTION 10.01(d)**

**REQUIRED REGULATORY APPROVALS**

The following are the Required Regulatory Approvals described in Section 10.01(d) of the Master Transaction Agreement:

1. Approval of the Australian Prudential Regulation Authority.
2. Approval of the Hong Kong Office of the Commissioner of Insurance.
3. Approval of the New Zealand Overseas Investment Office.

-6-

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**Table of Contents**

**Appendix B-2**

**Form of the Amended and Restated Purchase Agreement, among American International Group, Inc., the United States Department of the Treasury and the Federal Reserve Bank of New York**

B-2-1

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**Table of Contents**

**AMENDED AND RESTATED PURCHASE AGREEMENT**  
**dated as of**  
**[ \_\_\_\_\_ ]**  
**among**  
**American International Group, Inc.**  
**United States Department of the Treasury**  
**and**  
**Federal Reserve Bank of New York, solely for the purpose of**  
**Section 2.06, Section 2.07, Section 2.08 and Article 4**

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**Table of Contents**

**TABLE OF CONTENTS**

	Page
ARTICLE 1	
Securities Exchange; Closing	
Section 1.01. <i>Securities Exchange</i>	1
Section 1.02. <i>Closing</i>	2
Section 1.03. <i>Interpretation</i>	2
ARTICLE 2	
Draw Down Right Exchange and Related Matters	
Section 2.01. <i>Draw Down Right Exchange</i>	3
Section 2.02. <i>Draw Down Right Fee</i>	3
Section 2.03. <i>Draws on Draw Down Right for General Corporate Purposes</i>	4
Section 2.04. <i>Termination of Investor s Obligations</i>	4
Section 2.05. <i>Conditions to Closing of Each Drawdown</i>	5
Section 2.06. <i>Initial Liquidation Preference; Changes to Liquidation Preference</i>	5
Section 2.07. <i>Deferred Exchange</i>	7
Section 2.08. <i>Equity Offering</i>	8
Section 2.09. <i>Examples of Deferred Exchanges</i>	9
Section 2.10. <i>Records</i>	9
ARTICLE 3	
Covenants and Additional Agreements	
Section 3.01. <i>Equity Offering</i>	9
Section 3.02. <i>Return and Cancellation</i>	9
Section 3.03. <i>Further Assurances</i>	10
Section 3.04. <i>Sufficiency of Authorized Common Stock</i>	10
Section 3.05. <i>Purchase of Restricted Securities</i>	10
Section 3.06. <i>Legends</i>	10
Section 3.07. <i>Certain Transactions</i>	12
Section 3.08. <i>Transfer of Series G Preferred Stock, Series F Exchanged Shares, the Series G Converted Shares, the Warrant and the Warrant Shares</i>	12
Section 3.09. <i>Voting of Warrant Shares</i>	12
Section 3.10. <i>Restriction on Dividends and Repurchases</i>	12
ARTICLE 4	
Miscellaneous	
Section 4.01. <i>Amendment</i>	14
Section 4.02. <i>Waiver of Conditions</i>	14

**Table of Contents**

	Page
Section 4.03. <i>Governing Law; Submission to Jurisdiction, Etc</i>	14
Section 4.04. <i>Notices</i>	15
Section 4.05. <i>Definitions</i>	15
Section 4.06. <i>Assignment</i>	15
Section 4.07. <i>Severability</i>	15
Section 4.08. <i>Entire Agreement</i>	16
Section 4.09. <i>No Third Party Beneficiaries</i>	16
LIST OF ANNEXES	

ANNEX A: FORM OF CERTIFICATE OF DESIGNATIONS FOR PREFERRED STOCK

ANNEX B: FORM OF DRAWDOWN OPINION

ANNEX C: EXAMPLES OF DEFERRED EXCHANGES OF SPV PREFERRED UNITS AND  
REDEMPTION OF SERIES G PREFERRED STOCK

**Table of Contents****INDEX OF DEFINED TERMS**

Term	Location of Definition
Affiliate	Section 4.05(c)
Amended SPA	Recitals
Announcement Date	Section 1.01
AIA SPV	Recitals
ALICO SPV	Recitals
Available Amount	Section 2.01
Business Combination	Section 4.06
Common Stock	Recitals
Company	Recitals
control; controlled by; under common control with	Section 4.05(c)
Conversion Date	Section 2.04
Deferred Preferred Units Drawdown Amount	Section 2.07(a)(ii)
Deferred Exchange	Section 2.07(a)
Deferred Exchange Date	Section 2.07(a)
Deferred Purchased AIA/ALICO Preferred Units	Section 2.07(a)(i)
Drawdown Amount	Section 2.03
Draw Down Right	Section 2.01
Draw Down Right Exchange	Recitals
Draw Down Right Fee	Section 2.02
Draw Down Right Fee Payment Date	Section 2.02
employee benefit plan	Section 3.10(b)
Equity Interests	Section 4.05(b)
Equity Offering	Section 2.06(e)
Exchanged Securities	Recitals
FRBNY	Recitals
Fund	Section 4.05(b)
General Corporate Purposes Available Amount	Section 2.01
General Corporate Purposes Drawdown Amount	Section 2.03
Insolvency Trigger	Section 2.04
Investor	Recitals
Junior Stock	Section 3.10
Net Offering Proceeds	Section 2.08
Parity Stock	Section 3.10
Preferred Units Exchange Available Amount	Section 2.01
Purchase Price	Section 2.07(a)(i)
Purchased AIA/ALICO Preferred Units	Recitals
Registration Rights Agreement	Section 2.08
Securities Act	Section 3.05
Securities Exchange	Recitals
Series F Exchanged Shares	Recitals

**Table of Contents**

	Location of Definition
Term	
Series F Preferred Stock	Recitals
Series F Preferred Stock Certificate	Section 1.01
Series G Converted Shares	Section 3.04
Series G Preferred Stock	Recitals
Share Dilution Amount	Section 3.10(b)
SPVs	Recitals
subsidiary	Section 4.05(a)
Termination Date	Section 2.04
Transaction Agreement	Recitals
Transfer	Section 3.08
Transfer Agent	Section 2.09
Warrant	Section 3.04
Warrant Shares	Section 3.04

**Table of Contents**

**AMENDED AND RESTATED PURCHASE AGREEMENT**

Recitals:

WHEREAS, American International Group, Inc. (the **Company** ) and the United States Department of the Treasury (the **Investor** ) intend to exchange (the **Securities Exchange** ) 300,000 shares of the Company's Series F Fixed Rate Non-Cumulative Perpetual Preferred Stock (the **Series F Preferred Stock** ) held by the Investor for (i) the preferred units of AIA Aurora LLC (the **AIA SPV** ) and ALICO Holdings LLC (the **ALICO SPV** , and together with the AIA SPV, the **SPVs** ) purchased by the Company immediately prior to the closing of the Securities Exchange (the **Purchased AIA/ALICO Preferred Units** ), (ii) 167,623,733 shares (the **Series F Exchanged Shares** ) of the Company's common stock, par value \$2.50 per share ( **Common Stock** ), and (iii) 20,000 shares of the Company's Series G Cumulative Mandatory Convertible Preferred Stock, par value \$5.00 per share (the **Series G Preferred Stock** , and together with the Purchased AIA/ALICO Preferred Units and the Series F Exchanged Shares, the **Exchanged Securities** );

WHEREAS, the Company and the Investor intend to exchange (the **Draw Down Right Exchange** ) a portion of the Company's remaining Series F Drawdown Right in an amount to be designated by the Company pursuant to the Transaction Agreement (as defined below) for the Draw Down Right described in Article 2 hereof;

WHEREAS, the Securities Exchange and the Draw Down Right Exchange will be governed by this amendment and restatement of the Existing Series F Purchase Agreement (the **Amended SPA** ) and the Master Transaction Agreement among the Company, the Investor, the Federal Reserve Bank of New York ( **FRBNY** ), the SPVs and the AIG Credit Facility Trust (the **Transaction Agreement** );

WHEREAS, the Board of Directors of the Company has determined that the aggregate value to be received by the Company in the Securities Exchange and Draw Down Right Exchange is at least equal to the aggregate par value of the Series G Preferred Stock; and

WHEREAS, the Investor and the AIG Credit Facility Trust have tendered their consent for the issuance of the Series G Preferred Stock;

**NOW, THEREFORE**, in consideration of the premises, and of the representations, warranties, covenants and agreements set forth herein, the parties agree as follows:

ARTICLE 1

Securities Exchange; Closing

Section 1.01. *Securities Exchange*. On the terms and subject to the conditions set forth in this Amended SPA and the Transaction Agreement, the Investor agrees to deliver to the Company the share certificate representing 300,000 shares of Series F Preferred Stock (the

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**Table of Contents**

**Series F Preferred Stock Certificate** ) with an aggregate liquidation preference equal to the sum of (i) \$7,543,068,000 plus (ii) any amounts drawn under the Series F Drawdown Right between September 30, 2010 (the **Announcement Date** ) and the Closing Date, including the Series F Closing Drawdown Amount, and the Company agrees to deliver to the Investor (a) a share certificate representing 20,000 shares of Series G Preferred Stock (if applicable), (b) certificates evidencing the Series F Exchanged Shares and (c) certificates in proper form evidencing the Purchased AIA/ALICO Preferred Units acquired by the Company pursuant to the Transaction Agreement on the Closing Date duly endorsed or accompanied by proper evidence of transfer and assignment, it being understood that the delivery to the Investor of certificates and instruments substantially the same as those delivered by the FRBNY to the Company, duly endorsed or accompanied by proper evidence of transfer and assignment, shall satisfy the requirements of this clause (c).

Section 1.02. *Closing*. On the terms and subject to the conditions set forth in this Amended SPA and the Transaction Agreement, the closing of the Securities Exchange shall take place at the Closing on the Closing Date.

Section 1.03. *Interpretation*. When a reference is made in this Amended SPA to Recitals, Articles, Sections or Annexes such reference shall be to a Recital, Article or Section of, or Annex to, this Amended SPA. The terms defined in the singular have a comparable meaning when used in the plural, and vice versa. References to herein , hereof , hereunder and the like refer to this Amended SPA as a whole and not to any particular section or provision, unless expressly stated otherwise herein. The table of contents and headings contained in this Amended SPA are for reference purposes only and are not part of this Amended SPA. Whenever the words include, includes or including are used in this Amended SPA, they shall be deemed followed by the words without limitation. Writing , written and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. No rule of construction against the draftsman shall be applied in connection with the interpretation or enforcement of this Amended SPA, as this Amended SPA is the product of negotiation between sophisticated parties advised by counsel. All references to \$ or dollars mean the lawful currency of the United States of America. Except as expressly stated in this Amended SPA, all references to any statute, rule or regulation are to the statute, rule or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and to any section of any statute, rule or regulation include any successor to the section. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

Capitalized terms used but not defined herein shall have the meanings assigned to them in the Transaction Agreement.



**Table of Contents**

## ARTICLE 2

## Draw Down Right Exchange and Related Matters

Section 2.01. *Draw Down Right Exchange.* In exchange for the portion of the Series F Drawdown Right designated by the Company pursuant to Section 4.01 of the Transaction Agreement, the Investor agrees to provide to the Company from time to time on or after the Closing Date and prior to the Termination Date (as defined below), in each case subject to and on the terms and conditions set forth herein immediately available funds in an amount up to, but not in excess of, the Available Amount, as determined from time to time (the **Draw Down Right**); *provided* that in no event shall the aggregate amount funded under the Draw Down Right exceed \$2,000,000,000 (two billion dollars).

**Available Amount** means, as of any date of determination, (a) the Series G Designated Amount *minus* (b) the aggregate amount previously drawn on the Draw Down Right; *provided* that the Available Amount shall not be reduced below zero. Amounts provided under the Draw Down Right shall be used to fund the purchase from the FRBNY of AIA/ALICO Preferred Units in accordance with Section 2.07 or may be used by the Company for general corporate purposes; *provided* that no funds provided to the Company pursuant to the Draw Down Right shall be used to pay annual bonuses or other future cash performance awards to executives of the Company or employees of the Company and its subsidiaries who participate in the Company's Senior Partners Plan. The portion of the Available Amount that may be used by the Company for general corporate purposes is referred to herein as the **General Corporate Purposes Available Amount**, and the portion of the Available Amount available to fund the Company's purchase of the AIA/ALICO Preferred Units is referred to herein as the **Preferred Units Exchange Available Amount**. Initially, each of the General Corporate Purposes Available Amount and the Preferred Units Exchange Available Amount shall equal the Available Amount, and each such amount shall be reduced when and to the extent the Available Amount is reduced. In addition, the General Corporate Purposes Available Amount, but not the Preferred Units Exchange Available Amount, shall be subject to reduction as described in Section 2.07. Notwithstanding the foregoing or anything to the contrary in this Amended SPA, if the Series G Designated Amount is equal to zero and no amount other than the Series F Closing Drawdown Amount is drawn by the Company under the Series F Drawdown Right between the Announcement Date and the Closing Date, the Draw Down Right shall not be created and no shares of Series G Preferred Stock shall be provided to the Investor as part of the Securities Exchange.

The Series F Drawdown Right shall terminate and be of no further force and effect immediately following the Closing.

Section 2.02. *Draw Down Right Fee.* As required under the Existing Series F Purchase Agreement, the Company shall pay to the Investor from the operating cash flow of the Company an aggregate amount of \$165,000,000 (the **Draw Down Right Fee**), representing a fee payable to the Investor for the agreement by the Investor to create the Series F Drawdown Right. The Draw Down Right Fee shall be payable to the Investor in two payments, the first of which shall be in the amount of \$55,000,000 and payable on December 17, 2010, and the second of which shall be in the amount of \$110,000,000 and payable on the earlier of (i) a Termination Date (as defined in clauses (i), (iii), (iv) and (v) of the definition thereof) and (ii) the first date on which

**Table of Contents**

both the Available Amount and the aggregate liquidation preference of the outstanding shares of Series G Preferred Stock equal zero; *provided* that, notwithstanding the foregoing, if the Series G Designated Amount is equal to zero and no amount other than the Series F Closing Drawdown Amount is drawn by the Company under the Series F Drawdown Right between the Announcement Date and the Closing Date, the amount equal to \$165,000,000 *minus* any portion of the Draw Down Right Fee paid prior to the Closing Date shall be immediately payable on the Closing Date. If any portion of the Draw Down Right Fee would otherwise be payable on a day that is not a Business Day, such portion of the Draw Down Right Fee shall instead be payable on the next Business Day.

Section 2.03. *Draws on Draw Down Right for General Corporate Purposes.* Subject to the fulfillment or waiver of the conditions to each drawdown as set forth in Section 2.05, at any time on or after the Closing Date and prior to the Termination Date, the Company's Chief Executive Officer, Chief Financial Officer or Treasurer may, on behalf of the Company, request that the Investor provide immediately available funds to the Company in an amount up to but not in excess of the General Corporate Purposes Available Amount (the **General Corporate Purposes Drawdown Amount**) as of the date of such request (the **Drawdown Date**); *provided* that each request shall be for an amount that equals or exceeds the lesser of (a) \$250,000,000 and (b) the General Corporate Purposes Available Amount as of the date of such request. Any such request shall be valid only if it is in writing and specifies the account of the Company to which such funds are to be transferred and contains a certification of the Company's Chief Executive Officer, Chief Financial Officer or Treasurer that the requested amount does not exceed the General Corporate Purposes Available Amount as of the date of such request. The Investor shall provide such funds to the Company within five (5) Business Days of its receipt of such request or such shorter period as may be agreed to by the Company and the Investor, and the aggregate liquidation preference of the Series G Preferred Stock shall increase by the General Corporate Purposes Drawdown Amount as set forth in Section 2.06(b).

Section 2.04. *Termination of Investor's Obligations.* All of the Investor's obligations under and in respect of the Draw Down Right shall terminate on a date (the **Termination Date**), which will be the earliest to occur of (i) March 31, 2012 (the **Conversion Date**), (ii) the date on which the Available Amount equals zero, (iii) the date the Company has been adjudicated as, or determined by a governmental authority having regulatory authority over the Company or its assets to be, insolvent, (iv) the date the Company becomes the subject of an insolvency, bankruptcy, dissolution, liquidation or reorganization proceeding (including, without limitation, under Title 11, United States Code) (*provided* that in the case of an involuntary proceeding to which the Company has not consented, a termination of all of the Investor's obligations under and in respect of the Draw Down Right shall occur pursuant to this clause (iv) only if and as of the date when 60 days have elapsed since the commencement of such period, without such proceeding having been vacated or set aside during such 60-day period or being subject to a stay at the conclusion of such 60-day period), and (v) the date the Company becomes the subject of an appointment of a trustee, receiver, intervenor or conservator under the Resolution Authority under the Dodd-Frank Wall Street Reform and Consumer Protection Act or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect (each of (iii) through (v), an **Insolvency Trigger**).

**Table of Contents**

Section 2.05. *Conditions to Closing of Each Drawdown.* The obligation of the Investor to consummate any drawdown pursuant to Section 2.03 on or following the Closing Date is subject to the fulfillment (or waiver by the Investor), on the applicable Drawdown Date, of each of the following conditions:

- (a) an Insolvency Trigger (determined without regard to the proviso in Section 2.04(iv)) has not occurred;
- (b) on or before such Drawdown Date, the Company shall have provided to the Investor an outline, in a form reasonably satisfactory to the Investor, of the expected uses by the Company of the General Corporate Purposes Drawdown Amount for such Drawdown Date;
- (c) the Investor shall have received a certificate signed on behalf of the Company by the Chief Executive Officer, Chief Financial Officer or Treasurer certifying to the effect that (A) as of such Drawdown Date, the representations and warranties of the Company set forth in the first and last sentences of Section 5.01 of the Transaction Agreement with respect to only the Company, Section 5.02(a) of the Transaction Agreement, Section 5.03 of the Transaction Agreement with respect to the Series G Preferred Stock and the shares of Common Stock issuable upon conversion of the Series G Preferred Stock only and Section 5.05(a) of the Transaction Agreement with respect to this Amended SPA only are true and correct in all material respects as though made on and as of such Drawdown Date (other than representations and warranties that by their terms speak as of another date, which representations and warranties shall be true and correct in all material respects as of such other date, and the representations in Section 5.02(a) of the Transaction Agreement, which speak only as of the Closing Date) and (B) the Company shall have performed in all material respects all obligations required to be performed by it under this Amended SPA and the Transaction Agreement on or prior to such Drawdown Date; and
- (d) the Company shall have delivered to the Investor a written opinion from counsel to the Company (which may be internal counsel), addressed to the Investor and dated as of the Drawdown Date, in substantially the form attached hereto as Annex B.

Section 2.06. *Initial Liquidation Preference; Changes to Liquidation Preference.*

(a) The aggregate liquidation preference of the outstanding shares of Series G Preferred Stock immediately following the Closing shall be equal to zero, except that if the Company draws under the Series F Drawdown Right after the Announcement Date and prior to the Closing (other than the Series F Closing Drawdown Amount), the aggregate liquidation preference of the outstanding shares of Series G Preferred Stock immediately following the Closing shall be equal to the sum of (i) the aggregate amount so drawn, plus (ii) an amount to reflect a dividend accrual at a rate of 5% per annum, computed on the basis of a 360-day year of twelve 30-day months, on the aggregate amount(s) so drawn for each calendar day from and including the applicable drawdown date(s) to but excluding the Closing Date.

**Table of Contents**

(b) After Closing, the aggregate liquidation preference of the outstanding shares of Series G Preferred Stock shall be automatically increased upon each draw pursuant to Section 2.03 by the General Corporate Purposes Drawdown Amount that is actually funded by the Investor to the Company, and such increase shall occur simultaneously with such funding and shall be allocated ratably to the shares of Series G Preferred Stock.

(c) The aggregate liquidation preference of the outstanding shares of Series G Preferred Stock shall, to the extent dividends are not paid on the relevant Dividend Accrual Date (as defined in Annex A), be automatically increased quarterly as set forth in the Certificate of Designations for the Series G Preferred Stock to reflect the dividends that accrue for each calendar day at a rate of 5% per annum, computed on the basis of a 360-day year of twelve 30-day months, and any such increase shall be allocated ratably to the shares of Series G Preferred Stock.

(d) At any time after the FRBNY no longer holds any AIA/ALICO Preferred Units, the Company may, following the delivery of at least five (5) Business Days prior written notice to the Investor, pay the Investor an amount in cash that will be allocated to reduce the aggregate liquidation preference of the Series G Preferred Stock. Any such decrease shall occur simultaneously with the payment of such amount to the Investor and shall be allocated ratably to the shares of Series G Preferred Stock.

(e) If at any time after the Closing and prior to the Conversion Date the Company completes a public offering for cash of Common Stock or securities or instruments convertible into (or exchangeable or exercisable for) equity securities (other than pursuant to a registration statement on Form S-4 or Form S-8 or any similar or successor form) (an **Equity Offering**), the provisions of Sections 2.07 and 2.08 shall apply, and the aggregate liquidation preference of the Series G Preferred Stock shall be adjusted as set forth in such sections.

(f) At any time when the FRBNY holds AIA/ALICO Preferred Units, the Company may, by delivering at least five (5) Business Days prior written notice to the Investor and to the FRBNY, purchase AIA/ALICO Preferred Units from the FRBNY for a purchase price in cash equal to the aggregate AIA/ALICO Preferred Unit Amounts for such AIA/ALICO Preferred Units at the time of purchase; *provided* that the aggregate purchase price of the units so purchased shall not exceed the aggregate liquidation preference of the Series G Preferred Stock on the purchase date. The allocation between preferred units of the AIA SPV and the ALICO SPV will be as set forth in Section 4.02(b) of the Transaction Agreement as though the AIA/ALICO Preferred Units purchased from the FRBNY were Purchased AIA/ALICO Preferred Units for purposes of the Transaction Agreement, unless otherwise agreed to by the Investor and the FRBNY. Immediately following such purchase, the Company shall deliver such AIA/ALICO Preferred Units to the Investor, along with such instruments of transfer and assignment and other documentation as may be reasonably required to evidence that such AIA/ALICO Preferred Interests have been transferred to the Investor, it being understood that the delivery to the Investor of certificates and instruments substantially the same as those delivered by the FRBNY to the Company, duly endorsed or accompanied by proper evidence of transfer and assignment, shall satisfy the requirements of this sentence, in exchange for a

**Table of Contents**

reduction in the aggregate liquidation preference of the Series G Preferred Stock by the amount of the purchase price of such AIA/ALICO Preferred Units. Any such decrease shall occur simultaneously with the transfer of the AIA/ALICO Preferred Units to the Investor and shall be allocated ratably to the shares of Series G Preferred Stock.

(g) On the Conversion Date, if the FRBNY then holds any AIA/ALICO Preferred Units, the provisions of Section 2.07 shall apply and the aggregate liquidation preference of the Series G Preferred Stock shall be adjusted as set forth in such section.

*Section 2.07. Deferred Exchange.*

(a) If the FRBNY holds any AIA/ALICO Preferred Units (x) on any date on which the Company closes an Equity Offering or (y) on the Conversion Date (each such date, a **Deferred Exchange Date** ), then the following transactions (collectively, a **Deferred Exchange** ) shall occur on such Deferred Exchange Date (and, in the case of a Deferred Exchange on the Conversion Date, immediately prior to the conversion of the Series G Preferred Stock into shares of Common Stock as set forth in the Certificate of Designations for the Series G Preferred Stock) all of which will be deemed to occur substantially contemporaneously:

(i) the Company shall purchase from the FRBNY AIA/ALICO Preferred Units (the **Deferred Purchased AIA/ALICO Preferred Units** ) the aggregate AIA/ALICO Preferred Units Amount of which as of the Deferred Exchange Date (the **Purchase Price** ) is equal to the least of (A) the sum of the then Preferred Units Exchange Available Amount and the then aggregate liquidation preference of the Series G Preferred Stock, (B) the AIA/ALICO Preferred Units Aggregate Amount as of such time of the AIA/ALICO Preferred Units held by the FRBNY, (C) in the case of a Deferred Exchange following an Equity Offering only, the Net Offering Proceeds and (D) in the case of a Deferred Exchange on the Conversion Date only, the Preferred Units Exchange Available Amount;

(ii) the Company shall draw pursuant to the Draw Down Right an amount (such amount, the **Deferred Preferred Units Drawdown Amount** ) equal to the lesser of (A) the Purchase Price and (B) the Preferred Units Exchange Available Amount;

(iii) the aggregate liquidation preference of the Series G Preferred Stock shall increase by the Deferred Preferred Units Drawdown Amount;

(iv) the Company shall deliver to the FRBNY in cash the Purchase Price;

(v) the FRBNY shall deliver to the Company the Deferred Purchase AIA/ALICO Preferred Units, along with such instruments of transfer and assignment and other documentation as may be reasonably required to evidence that such AIA/ALICO Preferred Units have been transferred to the Company (and, unless otherwise agreed by the FRBNY and the Investor, the allocation between preferred units of the AIA SPV and

**Table of Contents**

the ALICO SPV will be as set forth in Section 4.02(b) of the Transaction Agreement as though the AIA/ALICO Preferred Units purchased from the FRBNY were Purchased AIA/ALICO Preferred Units for purposes of the Transaction Agreement);

(vi) the Company shall deliver the Deferred Purchased AIA/ALICO Preferred Units to the Investor along with such instruments of transfer and assignment and other documentation as may be reasonably required to evidence that such AIA/ALICO Preferred Units have been transferred to the Investor, it being understood that the delivery to the Investor of certificates and instruments substantially the same as those delivered by the FRBNY to the Company, duly endorsed or accompanied by proper evidence of transfer and assignment, shall satisfy the requirements of this clause (vi); and

(vii) the aggregate liquidation preference of the Series G Preferred Stock shall be reduced by an amount equal to the Purchase Price.

Any reduction or increase in the aggregate liquidation preference of the Series G Preferred Stock pursuant to clause (a) above shall be allocated ratably to the shares of Series G Preferred Stock.

(b) Notwithstanding Section 2.05 hereof, for purposes of a Deferred Exchange, the only condition to the drawdown of all or a portion of the Preferred Units Exchange Available Amount in connection with such Deferred Exchange is that the Deferred Purchased AIA/ALICO Preferred Units will be delivered to the Investor at the closing of such Deferred Exchange. The Company shall provide to the Investor and the FRBNY a minimum of two (2) Business Days written notice prior to the date on which it closes an Equity Offering.

Section 2.08. *Equity Offering.* If the Company closes an Equity Offering prior to the Conversion Date, then the amount of the Net Offering Proceeds shall be deemed to be applied by the Company for purposes of this Amended SPA as follows:

(a) *first*, if the FRBNY then holds AIA/ALICO Preferred Units, the Net Offering Proceeds shall be deemed to be applied to purchase AIA/ALICO Preferred Units pursuant to Section 2.07 in the amount of the Deferred Preferred Units Drawdown Amount (it being understood that the amount actually applied to such purchase shall be the amount drawn down pursuant to the Draw Down Right as set forth in Section 2.07(a)(ii)); *provided* that if the then Preferred Units Exchange Available Amount is less than the Purchase Price (as determined pursuant to Section 2.07(a)(i)), the amount of any such shortfall shall be paid by the Company to the FRBNY as part of its payment to the FRBNY pursuant to Section 2.07(a)(iv) (which, for clarity, shall also be deemed to be an application of Net Offering Proceeds for purposes of this Section 2.08);

(b) *second*, the amount of any Net Offering Proceeds not deemed to be applied pursuant to Section 2.08(a) shall, after reducing the Available Amount for any amounts drawn down pursuant to the Draw Down Right as set forth in Section 2.07(a)(ii), be deemed to be applied to reduce any remaining General Corporate Purposes Available Amount on a dollar-for-dollar basis; and

**Table of Contents**

(c) *third*, the amount of any Net Offering Proceeds not deemed to be applied pursuant to Section 2.08(a) or Section 2.08(b) shall be paid by the Company to the Investor as necessary to reduce any remaining aggregate liquidation preference of the Series G Preferred Stock, including any accrued and unpaid dividends thereon (any such reduction to be allocated ratably to the shares of Series G Preferred Stock).

The Company shall retain any remaining Net Offering Proceeds for such purposes as it deems necessary or desirable.

**Net Offering Proceeds** means the gross proceeds of an Equity Offering less all Registration Expenses and Selling Expenses, each as defined in the Registration Rights Agreement dated as of the date of this Amended SPA between the Investor and the Company (the **Registration Rights Agreement** ).

Section 2.09. *Examples of Deferred Exchanges*. For greater clarity with respect to the construction and application of Sections 2.07 and 2.08, the parties agree that (a) the examples of hypothetical Deferred Exchanges attached hereto as Annex C, which shall be a part of this Amended SPA for all purposes, reflect the intended construction and application of, and are consistent in all respects with, such Sections, and (b) no Deferred Exchange shall be effected in a manner that is, or that would require an interpretation of Section 2.07 or Section 2.08 that would be, inconsistent with such examples.

Section 2.10. *Records*. The Company shall duly mark its records and the transfer agent for the Series G Preferred Stock (the **Transfer Agent** ) shall complete the Schedule of Changes of the Series G Preferred Stock Liquidation Preference in the form attached to the Series G Preferred Share Certificate (as defined in the Certificate of Designations for the Series G Preferred Stock) to reflect each increase or decrease in the liquidation preference of the Series G Preferred Stock contemplated herein (but, for the avoidance of doubt, such increase or decrease shall be effective regardless of whether the Company has properly marked its records or the Transfer Agent has properly completed such schedule).

ARTICLE 3

Covenants and Additional Agreements

Section 3.01. *Equity Offering*. The Company will use commercially reasonable efforts (after taking into account the price of shares of Common Stock and/or other securities to be offered) to effect an Equity Offering during the period beginning on the date AIG files its Annual Report on Form 10-K for the year ended December 31, 2010 and ending on June 30, 2011 with Net Offering Proceeds equal to or greater than the sum of (i) the Series G Designated Amount plus (ii) any amounts drawn under the Series F Drawdown Right during the period between the Announcement Date and the Closing Date (other than the Series F Closing Drawdown Amount).

Section 3.02. *Return and Cancellation*. If at any time the Available Amount and the Liquidation Amount (as defined in the Certificate of Designations for the Series G Preferred

**Table of Contents**

Stock) are both equal to zero, the Investor shall return the outstanding shares of Series G Preferred Stock to the Company for cancellation in exchange for an amount in cash per share of Series G Preferred Stock equal to the accrued and unpaid dividends on such share, if any, that have not been added to the Liquidation Amount, and the Company shall cancel the shares of the Series G Preferred Stock so returned.

Section 3.03. *Further Assurances.* Subject to the terms and conditions of this Amended SPA, each of the parties will use its commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, so as to permit consummation of the Securities Exchange and the Draw Down Right Exchange as promptly as practicable and otherwise to enable consummation of the transactions contemplated hereby and shall use commercially reasonable efforts to cooperate with the other parties to that end.

Section 3.04. *Sufficiency of Authorized Common Stock.* During the period from the time the Conversion Price (as defined in the Certificate of Designations for the Series G Preferred Stock) is established until the Conversion Date, the Company shall at all times have reserved for issuance, free of preemptive or similar rights, a sufficient number of authorized and unissued shares of Common Stock to effect the conversion of the Series G Preferred Stock (such shares issuable upon conversion, the **Series G Converted Shares** ) and the shares of Common Stock issuable upon exercise of the warrant received by the Investor pursuant to the Existing Series F Purchase Agreement (such warrant, the **Warrant** and the shares of underlying Common Stock, the **Warrant Shares** ). Nothing in this Section 3.04 shall preclude the Company from satisfying its obligations in respect of the conversion of the Series G Preferred Stock or the exercise of the Warrant by delivery of shares of Common Stock that are held in the treasury of the Company.

Section 3.05. *Purchase of Restricted Securities.* The Investor acknowledges that the Exchanged Securities have not been registered under the Securities Act of 1933, as amended (the **Securities Act** ), or under any state securities laws. The Investor (a) is acquiring the Exchanged Securities pursuant to an exemption from registration under the Securities Act with no present intention to distribute them to any person in violation of the Securities Act or any applicable U.S. state securities laws, (b) will not sell or otherwise dispose of any of the Exchanged Securities, except in compliance with the registration requirements or exemption provisions of the Securities Act and any applicable U.S. state securities laws, and (c) has such knowledge and experience in financial and business matters and in investments of this type that it is capable of evaluating the merits and risks of the Securities Exchange and of making an informed investment decision.

Section 3.06. *Legends.*

(a) The Investor agrees that all certificates or other instruments representing the Series G Preferred Stock will bear a legend substantially to the following effect:

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE



**Table of Contents**

SECURITIES ACT ), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF OR HEDGED IN ANY MANNER (INCLUDING THROUGH THE ENTRY INTO CASH-SETTLED DERIVATIVE INSTRUMENTS) (A) AT ANY TIME ON OR PRIOR TO THE TERMINATION DATE, EXCEPT TO A SPECIAL PURPOSE VEHICLE WHOLLY-OWNED BY THE UNITED STATES DEPARTMENT OF THE TREASURY, AND (B) AT ANY TIME AFTER THE TERMINATION DATE EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS AND IN COMPLIANCE WITH SUCH LAWS.

(b) The Investor agrees that all certificates or other instruments or instructions representing the Series F Exchanged Shares, the Series G Converted Shares and the Warrant Shares will bear a legend or contain restrictions substantially to the following effect:

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT ), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF OR HEDGED IN ANY MANNER (INCLUDING THROUGH THE ENTRY INTO CASH-SETTLED DERIVATIVE INSTRUMENTS) EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS AND IN COMPLIANCE WITH SUCH LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND SUCH LAWS.

(c) The Investor agrees that all certificates or other instruments representing the AIA/ALICO Preferred Units will bear a legend substantially to the following effect:

THE SECURITIES REPRESENTED BY THIS INSTRUMENT ARE GOVERNED BY THE AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF [\_\_\_\_\_] LLC IN EFFECT FROM TIME TO TIME, HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT ), OR ANY NON-U.S. OR STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH SUCH AGREEMENT AND SUCH ACT OR SUCH LAWS.

THE SECURITIES REPRESENTED BY THIS INSTRUMENT AND THE RIGHTS THEREUNDER ARE GOVERNED BY THE AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF [\_\_\_\_\_] LLC IN EFFECT FROM TIME TO TIME AND SHALL TERMINATE UPON THE PREFERRED REDEMPTION (AS DEFINED THEREIN).

**Table of Contents**

(d) In the event that any of the Series F Exchanged Shares, the Series G Converted Shares and the Warrant Shares (i) become registered under the Securities Act or (ii) are eligible to be transferred without restriction in accordance with Rule 144 or another exemption from registration under the Securities Act (other than Rule 144A), the Company shall issue (or authorize the issuance of) new certificates or other instruments representing such Series F Exchanged Shares, Series G Converted Shares or Warrant Shares, which shall not contain the applicable legends in clause (b) above and in the Existing Series F Purchase Agreement; *provided* that the Investor surrenders to the Company the previously issued certificates or other instruments. Upon Transfer of all or a portion of the Warrant in compliance with Section 3.08 the Company shall issue new certificates or other instruments representing the Warrant, which shall not contain any restrictive legend; *provided* that the Investor surrenders to the Company the previously issued certificates or other instruments.

Section 3.07. *Certain Transactions.* The Company will not merge or consolidate with, or sell, transfer or lease all or substantially all of its property or assets to, any other party unless (i) the successor, transferee or lessee party (or its ultimate parent entity), as the case may be (if not the Company), expressly assumes the due and punctual performance and observance of each and every covenant, agreement and condition of this Amended SPA to be performed and observed by the Company or (ii) the Investor agrees otherwise in writing.

Section 3.08. *Transfer of Series G Preferred Stock, Series F Exchanged Shares, the Series G Converted Shares, the Warrant and the Warrant Shares.* The Investor shall not transfer or hedge in any manner (including through the entry into cash-settled derivative instruments) the Series G Preferred Stock prior to the Termination Date; *provided* that the Investor may transfer the Series G Preferred Stock, in whole or in part, to a special purpose vehicle wholly-owned by the Investor; *provided, further,* that any such transfer shall not relieve the Investor of its obligations under or in respect of the Draw Down Right. Subject to compliance with Section 3.06, any agreement binding on the Investor and applicable securities laws, the Investor shall be permitted to transfer, sell, assign or otherwise dispose of ( **Transfer** ) all or a portion of the Series F Exchanged Shares, the Series G Converted Shares, the Warrant or the Warrant Shares at any time, and the Company shall take all steps as may be reasonably requested by the Investor to facilitate the Transfer of the Series F Exchanged Shares, the Series G Converted Shares, the Warrant or the Warrant Shares.

Section 3.09. *Voting of Warrant Shares.* Notwithstanding anything in this Amended SPA to the contrary, the Investor shall not exercise any voting rights with respect to the Warrant Shares.

Section 3.10. *Restriction on Dividends and Repurchases.* So long as the Series G Preferred Stock is outstanding, neither the Company nor any subsidiary of the Company shall, without the consent of the Investor:

(a) declare or pay any dividend or make any distribution on the Common Stock other than (i) dividends payable solely in shares of Common Stock, (ii) the dividend of warrants contemplated by Section 9.04 of the Transaction Agreement and (iii) dividends or distributions

**Table of Contents**

of rights or Junior Stock in connection with a stockholders' rights plan or a tax asset protection plan; or

(b) redeem, purchase or acquire any shares of Common Stock or other capital stock or other equity securities of any kind of the Company, or any junior subordinated debentures underlying trust preferred securities issued by the Company or any Affiliate of the Company, other than (i) redemptions, purchases or other acquisitions of any such securities held by the Investor, (ii) redemptions, purchases or other acquisitions of the Series G Preferred Stock, (iii) redemptions, purchases or other acquisitions of shares of Common Stock or other Junior Stock, in each case in this clause (iii) in connection with the administration of any **employee benefit plan** (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974) in the ordinary course of business (including purchases to offset the Share Dilution Amount (as defined below) pursuant to a publicly announced repurchase plan) and consistent with past practice or to satisfy applicable tax withholdings with respect to employee equity-based compensation; *provided* that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount, (iv) any redemption or repurchase of rights pursuant to any stockholders' rights plan or tax asset protection plan, (v) the acquisition by the Company or any of the subsidiaries of the Company of record ownership in Junior Stock or Parity Stock for the beneficial ownership of any other persons (other than the Company or any other subsidiary of the Company), including as trustees or custodians and (vi) the exchange or conversion of (A) Junior Stock for or into other Junior Stock, (B) Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock or (C) junior subordinated debentures underlying trust preferred securities issued by the Company or an Affiliate of the Company for or into Parity Stock (with an aggregate liquidation amount not in excess of the aggregate principal amount of such debentures so exchanged or converted) or Junior Stock, in each case set forth in this clause (vi), solely to the extent required pursuant to binding contractual agreements entered into prior to the date of the Existing Series F Purchase Agreement for the accelerated exercise, settlement or exchange thereof for Common Stock. This Section 3.10(b) shall not be deemed to affect the ability of the Company to redeem, purchase, acquire or exchange its junior subordinated debentures that do not underlie trust preferred securities issued by the Company or an Affiliate of the Company. **Share Dilution Amount** means the increase in the number of diluted shares outstanding (determined in accordance with generally accepted accounting principles in the United States, and as measured from the date of the Company's most recently filed financial statements of the Company and its consolidated subsidiaries prior to the Closing Date) resulting from the grant, vesting or exercise of equity-based compensation to employees and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction.

**Junior Stock** means Common Stock and any class or series of stock of the Company (i) initially issued to any person other than the Investor or (ii) initially issued to the Investor and the terms of which expressly provide that it ranks junior to the Series G Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Company. **Parity Stock** means any class or series of stock of the Company the terms of which do not expressly provide that such class or series will rank senior or junior to the Series G Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the

**Table of Contents**

Company (in each case without regard to whether dividends accrue cumulatively or non-cumulatively).

ARTICLE 4  
Miscellaneous

Section 4.01. *Amendment.* No amendment of any provision of this Amended SPA will be effective unless made in writing and signed by an officer or a duly authorized representative of each party; *provided* that the Investor may unilaterally amend any provision of this Amended SPA to the extent required to comply with any changes after the date of this Amended SPA in applicable federal statutes; *provided, further* that the consent of the FRBNY is only required if the FRBNY then holds any AIA/ALICO Preferred Units and such changes are adverse in any respect to the rights of the FRBNY to have such AIA/ALICO Preferred Units purchased by the Company, whether or not such changes relate to Article 2, Section 3.01 or Article 4. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative of any rights or remedies provided by law.

Section 4.02. *Waiver of Conditions.* The conditions to each party's obligation to consummate the Securities Exchange and the Draw Down Right Exchange and the conditions to the Investor's providing funds to the Company on a Drawdown Date or a Deferred Exchange Date are for the sole benefit of such party and may be waived by such party in whole or in part to the extent permitted by applicable law. No waiver will be effective unless it is in a writing signed by a duly authorized officer of the waiving party that makes express reference to the provision or provisions subject to such waiver.

Section 4.03. *Governing Law; Submission to Jurisdiction, Etc.* This Amended SPA, and the rights and obligations of the parties hereunder, shall be governed by, and construed and interpreted in accordance with, United States federal law and not the law of any State. To the extent that a court looks to the laws of any State to determine or define the United States federal law, it is the intention of the parties hereto that such court shall look only to the laws of the State of New York without regard to the rules of conflicts of laws. Each of the parties hereto agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia and the United States Court of Federal Claims for any and all actions, suits or proceedings arising out of or relating to this Amended SPA or the Warrant or the transactions contemplated hereby or thereby (other than any claim against the UST for monetary damages in excess of \$10,000, for which each party hereto agrees to submit to the exclusive jurisdiction and venue of the United States Court of Federal Claims), and (b) that notice may be served upon (i) the Company at the address and in the manner set forth for notices to the Company in Section 4.04 and (ii) the Investor and the FRBNY in accordance with federal law. To the extent permitted by applicable law, each of the parties hereto hereby unconditionally waives trial by jury in any legal action or proceeding relating to this Amended SPA or the Warrant or the transactions contemplated hereby or thereby.

**Table of Contents**

Section 4.04. *Notices.* Any notice, request, instruction or other document to be given hereunder by any party to any other party shall be delivered in the manner provided in Section 12.01 of the Transaction Agreement.

Section 4.05. *Definitions.*

(a) When a reference is made in this Amended SPA to a subsidiary of a person, the term **subsidiary** means any corporation, partnership, joint venture, limited liability company or other entity (x) of which such person or a subsidiary of such person is a general partner or (y) of which a majority of the voting securities or other voting interests, or a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the board of directors or persons performing similar functions with respect to such entity, is directly or indirectly owned by such person and/or one or more subsidiaries thereof; *provided* that no Fund shall be a subsidiary for purposes of this Amended SPA.

(b) The term **Fund** means any investment vehicle managed by the Company or an Affiliate of the Company and created in the ordinary course of the Company's asset management business for the purpose of selling Equity Interests in such investment vehicle to third parties. **Equity Interests** means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity interests in any entity, and any option, warrant or other right entitling the holder thereof to purchase or otherwise acquire any such equity interest.

(c) The term **Affiliate** means, with respect to any person, any person directly or indirectly controlling, controlled by or under common control with, such other person. For purposes of this definition, **control** (including, with correlative meanings, the terms **controlled by** and **under common control with** ) when used with respect to any person, means the possession, directly or indirectly, of the power to cause the direction of management and/or policies of such person, whether through the ownership of voting securities by contract or otherwise.

Section 4.06. *Assignment.* Neither this Amended SPA nor any right, remedy, obligation nor liability arising hereunder or by reason hereof shall be assignable by any party hereto without the prior written consent of the other parties, and any attempt to assign any right, remedy, obligation or liability hereunder without such consent shall be void, except an assignment in the case of a Business Combination, as defined below, where such party is not the surviving entity, or a sale of substantially all of its assets, to the entity which is the survivor of such Business Combination or the purchaser in such sale. **Business Combination** means merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Company's stockholders.

Section 4.07. *Severability.*

(a) The parties intend for the Recapitalization to constitute a single, integrated, non-severable transaction.

**Table of Contents**

(b) Subject to Section 4.07(a), if any term, provision, covenant or restriction of this Amended SPA is held by a court of competent jurisdiction or other Governmental Entity to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Amended SPA shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the Recapitalization is not affected in any manner materially adverse to any party hereto. Upon such a determination, the parties shall negotiate in good faith to modify this Amended SPA so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the Recapitalization be consummated as originally contemplated to the fullest extent possible.

Section 4.08. *Entire Agreement.* This Amended SPA (including the Annexes hereto), the Transaction Agreement and the Registration Rights Agreement constitute the entire agreement, and supersedes all other prior agreements, understandings, representations and warranties, both written and oral, between the parties, with respect to the subject matter hereof.

Section 4.09. *No Third Party Beneficiaries.* Nothing contained in this Amended SPA, expressed or implied, is intended to confer upon any person or entity other than the Company and the Investor any benefit, right or remedies.

*[Signature Page Follows]*

**Table of Contents**

In witness whereof, this Amended SPA has been duly executed and delivered by the duly authorized representatives of the parties hereto as of the date set forth on the cover page of this Amended SPA.

AMERICAN INTERNATIONAL GROUP, INC.

By:  
Name:  
Title:

UNITED STATES DEPARTMENT OF THE  
TREASURY

By:  
Name:  
Title:

solely for the purpose of Section 2.06,  
Section 2.07,  
Section 2.08 and Article 4

FEDERAL RESERVE BANK OF NEW YORK

By:  
Name:  
Title:

**CERTIFICATE OF DESIGNATIONS  
OF  
SERIES G CUMULATIVE MANDATORY CONVERTIBLE PREFERRED STOCK  
OF  
AMERICAN INTERNATIONAL GROUP, INC.**

American International Group, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the **Company**), hereby certifies that the following resolution was adopted by the Board of Directors of the Company (the **Board of Directors**) as required by Section 151 of the General Corporation Law of the State of Delaware at a meeting duly held on [\_\_\_\_\_].

**RESOLVED**, that pursuant to the authority granted to and vested in the Board of Directors in accordance with the provisions of the Restated Certificate of Incorporation of the Company, as amended (the **Restated Certificate of Incorporation**), the Board of Directors hereby creates a series of serial preferred stock, par value \$5.00 per share, of the Company, and hereby states the designation and number of shares, and fixes the voting and other powers, and the relative rights and preferences, and the qualifications, limitations and restrictions thereof, as follows:

Series G Cumulative Mandatory Convertible Preferred Stock:

Part 1. *Designation and Number of Shares.* There is hereby created out of the authorized and unissued shares of serial preferred stock of the Company a series of preferred stock designated as the Series G Cumulative Mandatory Convertible Preferred Stock (the **Series G Preferred Stock**). The authorized number of shares of the Series G Preferred Stock shall be 20,000. Such number of shares may be decreased by resolution of the Board of Directors, subject to the terms and conditions hereof; *provided* that no decrease shall reduce the number of shares of the Series G Preferred Stock to a number less than the number of shares then outstanding.

Part 2. *Standard Provisions.* The Standard Provisions contained in Annex A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Certificate of Designations to the same extent as if such provisions had been set forth in full herein.

Part 3. *Definitions.* The following terms are used in this Certificate of Designations (including the Standard Provisions in Annex A hereto) as defined below:

- (a) **Common Stock** means the common stock, par value \$2.50 per share, of the Company.
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**Table of Contents**

(b) **Dividend Accrual Date** means February 1, May 1, August 1 and November 1 of each year, whether or not such day is a Business Day.

(c) **Junior Stock** means the Common Stock and any class or series of stock of the Company (i) initially issued to any person other than the UST (as defined in Section 2 of the Standard Provisions in Annex A attached hereto), or (ii) initially issued to the UST and the terms of which expressly provide that it ranks junior to the Series G Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Company.

(e) **Liquidation Amount** shall initially mean an amount per share equal to the quotient of (i) \$ divided by (ii) 20,000, and such amount shall be increased and decreased as provided in Section 5 of the Standard Provisions in Annex A attached hereto. Such increase or decrease per share shall be duly reflected in the Schedule of Changes to the Series G Preferred Stock Liquidation Preference attached to the Series G Preferred Share Certificate.

(f) **Parity Stock** means any class or series of stock of the Company the terms of which do not expressly provide that such class or series will rank senior or junior to the Series G Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Company (in each case without regard to whether dividends accrue cumulatively or non-cumulatively).

Part. 4. **Certain Voting Matters.** Whether the vote or consent of the holders of a plurality, majority or other portion of the shares of the Series G Preferred Stock has been cast or given on any matter on which the holders of shares of the Series G Preferred Stock are entitled to vote or consent together as a class shall be determined by the Company by reference to the Liquidation Amount of the shares of the Series G Preferred Stock voted or with respect to which a consent has been received as if the Company were liquidated on the record date for such vote or consent, if any, or, in the absence of a record date, on the date for such vote or consent. For purposes of determining the voting rights of the holders of the Series G Preferred Stock under Section 7 of the Standard Provisions forming part of this Certificate of Designations, each holder will be entitled to one vote for each share of Series G Preferred Stock held by such holder.

*[Remainder of Page Intentionally Left Blank]*

<sup>1</sup> **This amount will equal the aggregate Drawdown Amount (as defined in the Series F Preferred Stock Purchase Agreement) paid to the Company between the Announcement Date and the Closing Date, other than the Series F Closing Drawdown Amount, plus an amount to reflect a daily dividend accrual at an annual rate of 5% of such aggregate Drawdown Amount, computed on the basis of a 360-day year of twelve 30-day months.**

**Table of Contents**

IN WITNESS WHEREOF, the Company has caused this Certificate of Designations to be signed on its behalf by its and attested by its [Secretary] this [\_\_] day of [\_\_\_\_\_].

AMERICAN INTERNATIONAL GROUP, INC.

By:  
Name:  
Title:

ATTEST:

Name:  
Title:

*[Signature Page to Series G Certificate of Designations]*



Table of Contents

## ANNEX A

**STANDARD PROVISIONS**

Section 1. *General Matters.* Each share of the Series G Preferred Stock shall be identical in all respects to every other share of the Series G Preferred Stock. The Series G Preferred Stock shall be mandatorily convertible into Common Stock as described in Section 6 hereof. The Series G Preferred Stock (a) shall rank senior to the Junior Stock in respect of the right to receive dividends and the right to receive payments out of the assets of the Company upon voluntary or involuntary liquidation, dissolution or winding up of the Company and (b) shall be of equal rank with Parity Stock as to the right to receive dividends and the right to receive payments out of the assets of the Company upon voluntary or involuntary liquidation, dissolution or winding up of the Company.

Section 2. *Standard Definitions.* As used in this Certificate of Designations with respect to the Series G Preferred Stock:

(a) **Affiliate** of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, **control** when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms **controlling** and **controlled** have meanings correlative to the foregoing.

(b) **AIA/ALICO Preferred Units** has the meaning assigned to it in the Transaction Agreement.

(c) **Amended Purchase Agreement** means the Amended and Restated Purchase Agreement dated as of [\_\_\_\_\_] among the Company, the UST and the FRBNY, as it may be amended or modified from time to time.

(d) **Applicable Dividend Rate** means 5% per annum.

(e) **Applicable Market Value** means, with respect to the Mandatory Conversion Date, the Average VWAP per share of Common Stock or per Exchange Property Unit, as appropriate, over the Observation Period. For purposes of calculating the value of an Exchange Property Unit, (x) the value of any publicly-traded common stock included in an Exchange Property Unit shall be determined using the Average VWAP per share of such common stock over the Observation Period, and (y) the value of any other property, including securities other than publicly-traded common stock, included in an Exchange Property Unit will be the value of such property on the first Trading Day of the Observation Period (as determined in good faith by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution).

(f) **Announcement Date** means September 30, 2010.

(g) **Available Amount** has the meaning assigned to it in the Amended Purchase Agreement.

**Table of Contents**

(h) **Average VWAP** means, for the Common Stock, any publicly-traded common stock included in an Exchange Property Unit or any capital stock distributed to holders of Common Stock as contemplated in Section 11(a)(iii) for any period, the average of the VWAP of the Common Stock, such publicly-traded stock or such capital stock for each Trading Day in such period.

(i) **Board of Directors** means the board of directors of the Company or any duly authorized committee thereof.

(j) **Board Resolution** means one or more resolutions of the Board of Directors, a copy of which has been certified by the Secretary or an Assistant Secretary of the Company, to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification and delivered to the Holders.

(k) **Business Combination** means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Company's stockholders.

(l) **Business Day** means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close.

(m) **Bylaws** means the bylaws of the Company, as they may be amended from time to time.

(n) **Certificate of Designations** means this Certificate of Designations relating to the Series G Preferred Stock, of which these Standard Provisions form a part, as it may be amended from time to time.

(o) **Charter** means the Company's Restated Certificate of Incorporation, as amended.

(p) **Closing Date** has the meaning assigned to it in the Transaction Agreement.

(q) **Constituent Person** has the meaning set forth in Section 11(b).

(r) **Conversion Price** shall equal the lesser of (a) \$29.29 and (b) 80% of the Average VWAP of the Common Stock over the period of 30 consecutive Trading Days commencing on the Trading Day immediately after the Common Stock trades without the right to receive the Special Dividend (as such term is defined in the Transaction Agreement).

(s) **Conversion Rate** per share of Series G Preferred Stock shall mean (i) the sum of the Liquidation Amount for such share of Series G Preferred Stock plus any accrued and unpaid dividends with respect to the period from and including the Dividend Accrual Date immediately preceding the date of such conversion to but excluding such conversion date divided by (ii) the Conversion Price, subject to adjustment pursuant to Section 11.

(t) **Current Market Price** means, in respect of a share of Common Stock on any day of determination, the Average VWAP per share of Common Stock over each of the 10

**Table of Contents**

consecutive Trading Days ending on the earlier of the day in question and the day before the **ex date** with respect to the issuance or distribution requiring such computation. For purposes of this definition, the term **ex date**, when used with respect to any issuance or distribution, shall mean the first date on which the shares of Common Stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive such issuance or distribution.

- (u) **Dividend Period** has the meaning set forth in Section 3.
- (v) **Equity Offering** has the meaning assigned to it in the Amended Purchase Agreement.
- (w) **Exchange Act** means the Securities Exchange Act of 1934, as amended from time to time.
- (x) **Exchange Property Unit** has the meaning set forth in Section 8(b).
- (y) **expiration date** has the meaning set forth in Section 8(a).
- (z) **Expiration Time** has the meaning set forth in Section 8(a).
- (aa) **FRBNY** means the Federal Reserve Bank of New York.
- (bb) **General Corporate Purposes Drawdown Amount** has the meaning assigned to it in the Amended Purchase Agreement.
- (cc) **Holder** means each record holder of a share of Series G Preferred Stock.
- (dd) **Mandatory Conversion Date** means March 31, 2012.
- (ee) **Number of Underlying Shares** means, at any time of determination, a number of shares of Common Stock equal to the number of outstanding shares of Series G Preferred Stock multiplied by the Conversion Rate.
- (ff) **Observation Period** means the 20 consecutive Trading Day period ending on the third Trading Day immediately preceding the Mandatory Conversion Date.
- (gg) **Officer** has the meaning set forth in Section 8(b).
- (hh) **Officers Certificate** means a certificate signed by the Company's Chief Executive Officer, President, a Senior Vice President or a Vice President and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary.
- (ii) **Original Issue Date** means the date on which shares of the Series G Preferred Stock are first issued, even if the Liquidation Amount is initially zero.
- (jj) **Person** means a company, an individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof or any other entity.

**Table of Contents**

- (kk) **Preferred Stock** means any and all series of serial preferred stock of the Company, including the Series G Preferred Stock.
- (ll) **Purchased Shares** has the meaning set forth in Section 8(a).
- (mm) **record date** has the meaning set forth in Section 8(a).
- (nn) **Reorganization Event** has the meaning set forth in Section 8(b).
- (oo) **Restricted Shares Legend** has the meaning set forth in Section 8(a).
- (pp) **Senior or *Pari Passu* Securities** has the meaning set forth in Section 7(b)(i).
- (qq) **Series F Closing Drawdown Amount** has the meaning assigned to it in the Transaction Agreement.
- (rr) **Series F Preferred Stock Purchase Agreement** means the Securities Purchase Agreement, dated April 17, 2009, between the Company and the UST.
- (ss) **Series G Preferred Share Certificate** has the meaning set forth in Section 8(a).
- (tt) **Share Dilution Amount** has the meaning set forth in Section 3(b).
- (uu) **Standard Provisions** mean these Standard Provisions that form a part of the Certificate of Designations relating to the Series G Preferred Stock.
- (vv) **Termination Date** has the meaning set forth in the Amended Purchase Agreement.
- (ww) **Trading Day** means a day on which the Common Stock, any publicly traded common stock included in an Exchange Property Unit or any capital stock distributed to holders of Common Stock as contemplated in Section 8(a)(iii), as the case may be, (i) is not suspended from trading at the close of regular way trading (not including extended or after hours trading) on any national or regional securities exchange or association or over-the-counter market that is the primary market for trading the Common Stock, such publicly-traded common stock or such capital stock, as appropriate, and (ii) has traded at least once regular way on the national securities exchange or association or over-the-counter market that is the primary market for the trading of the Common Stock, such publicly traded common stock or such capital stock, as appropriate.
- (xx) **Transaction Agreement** means the Master Transaction Agreement dated December 8, 2010 among the Company, ALICO Holdings LLC, AIA Aurora LLC, the FRBNY, the UST and the AIG Credit Facility Trust, as amended or supplemented from time to time.
- (yy) **Transfer Agent** has the meaning set forth in Section 16.
- (zz) **UST** means the United States Department of the Treasury.

**Table of Contents**

(aaa) **VWAP** per share of the Common Stock on any Trading Day means the per share volume weighted average price as displayed on Bloomberg (or any successor service) page AIG UN <Equity> AQR in respect of the period from 9:30 a.m. to 4:00 p.m., New York City time, on the relevant Trading Day, or if Exchange Property Units have replaced the Common Stock following a Reorganization Event and an Exchange Property Unit includes publicly-traded common stock or if any capital stock or similar equity interests are distributed to holders of Common Stock as contemplated in Section 8(a)(iii), **VWAP** per share of such common stock, capital stock or similar equity units on any Trading Day means the per share volume weighted average price as displayed on Bloomberg (or any successor service) in respect of the period from 9:30 a.m. to 4:00 p.m. New York City time, on the relevant Trading Day, or in either case, if such volume weighted average price is unavailable, **VWAP** means the market value per share of Common Stock, such publicly-traded common stock or such capital stock or similar equity interests on such Trading Day as determined by a nationally recognized independent investment banking firm retained by the Company for this purpose.

(bbb) **Warrants** has the meaning set forth in the Transaction Agreement.

Section 3 . *Dividends.*

(a) *Rate.* The Series G Preferred Stock shall accrue dividends with respect to each Dividend Period at a rate per annum equal to the Applicable Dividend Rate of the Liquidation Amount per share of Series G Preferred Stock as of the first day of such Dividend Period; *provided*, that if the Liquidation Amount of a share of Series G Preferred Stock increases during such Dividend Period as provided in Section 5(a), dividends with respect to such increase shall be calculated for the period from and including the date of such increase to, but excluding, the last day of such Dividend Period; *provided further*, that if the Liquidation Amount of a share of Series G Preferred Stock decreases during such Dividend Period as provided in Section 5(c) or (e), dividends with respect to the amount of such decrease shall cease to accrue as of the date of such decrease. Dividends on the Series G Preferred Stock for any period other than a full Dividend Period shall be computed on the basis of a 360-day year of twelve 30-day months. The amount of the dividends per share of Series G Preferred Stock accrued for any Dividend Period shall be added to the Liquidation Amount of such share of Series G Preferred Stock as of the first day of the immediately succeeding Dividend Period, unless dividends in such amount are declared for such Dividend Period by the Board of Directors out of assets legally available therefor and paid in cash to the Holders of record as of the Business Day immediately preceding the relevant Dividend Accrual Date in accordance with the following paragraph. The period from and including any Dividend Accrual Date to, but excluding, the next Dividend Accrual Date is a **Dividend Period** ; *provided* that the initial Dividend Period shall be the period from and including the Original Issue Date to, but excluding, the next Dividend Accrual Date.

If the Board of Directors elect to pay dividends in cash on any Dividend Accrual Date, the Company shall provide written notice thereof to the Holders not less than three Business Days prior to such Dividend Accrual Date. If any Dividend Accrual Date on which the Board of Directors determines to pay dividends on the Series G Preferred Stock would otherwise fall on a day that is not a Business Day, then the dividend payment due on such Dividend Accrual Date shall be postponed to the next day that is a Business Day and no additional dividends shall accrue as a result of such postponement.

**Table of Contents**

Holders of the Series G Preferred Stock shall not be entitled to any dividends, whether payable in cash, securities or other property, other than dividends on the Series G Preferred Stock as specified in this Section 2(bbb) (subject to the other provisions of the Certificate of Designations).

Subject to the foregoing and to Section 3(b), and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors or any duly authorized committee of the Board of Directors may be declared and paid on any securities, including Common Stock and other Junior Stock, from time to time out of any funds legally available for such payment, and holders of the Series G Preferred Stock shall not be entitled to participate in any such dividends.

(b) *Limitation on Dividends.* So long as any share of the Series G Preferred Stock remains outstanding, without the consent of each of the holders of the Series G Preferred Stock, no dividend or distribution shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than dividends payable solely in shares of Common Stock) or Parity Stock, and no Common Stock, Junior Stock or Parity Stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by the Company or any of its subsidiaries. The foregoing limitation shall not apply to (i) a dividend payable on any Junior Stock in shares of any other Junior Stock, or to the acquisition of shares of any Junior Stock in exchange for, or through application of the proceeds of the sale of, shares of any other Junior Stock; (ii) redemptions, purchases or other acquisitions of shares of Common Stock or other Junior Stock in connection with the administration of any employee benefit plan in the ordinary course of business (including purchases to offset the Share Dilution Amount (as defined below) pursuant to a publicly announced repurchase plan) and consistent with past practice or to satisfy applicable tax withholdings with respect to employee equity-based compensation; *provided* that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount; (iii) any dividends or distributions of rights or Junior Stock in connection with a stockholders' rights plan or tax asset protection plan or any redemption or repurchase of rights pursuant to any stockholders' rights plan or tax asset protection plan; (iv) the acquisition by the Company or any of its subsidiaries of record ownership in Junior Stock or Parity Stock for the beneficial ownership of any other persons (other than the Company or any of its subsidiaries), including as trustees or custodians; (v) the conversion of the Series G Preferred Stock into Common Stock; (vi) the dividend of Warrants contemplated by Section 9.04 of the Transaction Agreement; (vii) the exchange or conversion of (A) Junior Stock for or into other Junior Stock or (B) Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to the date of the Series F Preferred Stock Purchase Agreement for the accelerated exercise, settlement or exchange thereof for Common Stock; and (viii) any purchase, redemption or other acquisition or any dividend or distribution with the written consent of the UST. This Section 3(b) shall not be deemed to affect the ability of the Company to redeem, purchase, acquire or exchange its junior subordinated debentures issued by the Company or an Affiliate of the Company. **Share Dilution Amount** means the increase in the number of diluted shares outstanding (determined in accordance with generally accepted accounting principles in the United States, and as measured from the date of the Company's consolidated financial statements most recently filed with the Securities and Exchange Commission prior to the Original Issue Date) resulting from the grant, vesting or exercise of



**Table of Contents**

equity-based compensation to employees and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction.

Section 4. *Liquidation, Dissolution or Winding Up.* In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, then, before any distribution or payment shall be made to the holders of Junior Stock, the holders of the Series G Preferred Stock and any shares of Preferred Stock ranking on a parity therewith as to liquidation shall be entitled to be paid in full the respective amounts of the liquidation preferences thereof, which in the case of the Series G Preferred Stock shall be the Liquidation Amount, plus an amount equal to all accrued dividends for any period prior to such distribution or payment date that have not been added to the Liquidation Amount. If such payment shall have been made in full to the holders of the Series G Preferred Stock and any series of Preferred Stock ranking on a parity therewith as to liquidation, the remaining assets and funds of the Company shall be distributed among the holders of Junior Stock, according to their respective rights and preferences and in each case according to their respective shares. If, upon any liquidation, dissolution or winding up of the affairs of the Company, the amounts so payable are not paid in full to the holders of all outstanding shares of the Series G Preferred Stock and any series of Preferred Stock ranking on a parity therewith as to liquidation, the holders of the Series G Preferred Stock and any series of Preferred Stock ranking on a parity therewith as to liquidation shall share ratably in any distribution of assets in proportion to the full amounts to which they would otherwise be respectively entitled. Neither the consolidation or merger of the Company, nor the sale, lease or conveyance of all or a part of its assets, shall be deemed a liquidation, dissolution or winding up of the affairs of the Company within the meaning of the foregoing provisions of this Section 4.

Section 5. *Changes to the Liquidation Amount.*

(a) *Draws on Series G Preferred Stock.* The Liquidation Amount shall be increased each time a General Corporate Purposes Drawdown Amount is paid by the UST to the Company by an amount equal to the General Corporate Purposes Drawdown Amount so paid divided by the number of shares of Series G Preferred Stock then outstanding.

(b) *Accrued Dividends.* The Liquidation Amount shall be automatically increased on each Dividend Accrual Date as provided in Section 3 to reflect the accrual of dividends at the Applicable Dividend Rate to the extent such dividends have not been paid.

(c) *Cash Payment and Redemption.* At any time after the FRBNY no longer holds any AIA/ALICO Preferred Units, the Company may, following the delivery of at least five (5) Business Days prior written notice to the Holders in accordance with Section 12, pay the Holders an amount in cash that shall be allocated to reduce the Liquidation Amount by an amount per share equal to (i) the cash amount so paid divided by (ii) the number of shares of Series G Preferred Stock outstanding at such time. If at any time the Liquidation Amount is equal to zero, the Company shall be entitled to redeem the Series G Preferred Stock in exchange for an amount in cash per share of Series G Preferred Stock equal to the accrued dividends on such share, if any, that have not been added to the Liquidation Amount. Upon redemption, the Holders shall return such shares to the Company and the Company shall cancel the shares of Series G Preferred Stock

**Table of Contents**

so returned. From and after such redemption, the Series G Preferred Stock shall cease to be outstanding and the Holders shall have no rights in respect thereof.

(d) *Equity Offering.* If the Company closes an Equity Offering prior to the Mandatory Conversion Date, the provisions of Sections 2.07 and 2.08 of the Amended Purchase Agreement shall apply, and the aggregate liquidation preference of the Series G Preferred Stock shall be adjusted as set forth in such sections. Any payment in respect of the Series G Preferred Stock as contemplated by Section 2.08 of the Amended Purchase Agreement shall be conducted in accordance with paragraph (c).

(e) *Delivery of AIA/ALICO Preferred Units.* At any time when the Company purchases AIA/ALICO Preferred Units from the FRBNY pursuant to Section 2.06(f) of the Amended Purchase Agreement, the Company shall deliver such AIA/ALICO Preferred Units to the UST pursuant to the Amended Purchase Agreement in exchange for a reduction in the Liquidation Amount by an amount per share equal to (A) the aggregate purchase price of such AIA/ALICO Preferred Units paid to the FRBNY divided by (B) the number of shares of Series G Preferred Stock outstanding at such time.

(f) *Mandatory Conversion.* On the Mandatory Conversion Date, if the FRBNY then holds any AIA/ALICO Preferred Units, the provisions of Section 2.07 of the Amended Purchase Agreement shall apply, and the aggregate liquidation preference of the Series G Preferred Stock shall be adjusted as set forth in such section immediately prior to the conversion of the Series G Preferred Stock into shares of Common Stock as set forth in this Certificate of Designations.

(g) *No Sinking Fund.* The Series G Preferred Stock shall not be subject to any mandatory redemption, sinking fund or other similar provisions except as described in Section 6(c) below. Except as provided in the Amended Purchase Agreement, Holders of the Series G Preferred Stock shall have no right to require redemption or repurchase of any shares of the Series G Preferred Stock.

Section 6 . *Mandatory Conversion; Return and Cancellation.*

(a) *Mandatory Conversion.* On the Mandatory Conversion Date, each share of Series G Preferred Stock shall automatically convert into a number of shares of Common Stock equal to the Conversion Rate in accordance with the procedures set forth in Section 9, after giving effect to Section 2.07 of the Amended Purchase Agreement.

(b) *No Fractional Shares.* No fractional shares of Common Stock shall be issued as a result of any conversion of shares of Series G Preferred Stock. Instead, the aggregate number of shares of Common Stock to be issued to any Holder upon any such conversion shall be computed on the basis of the aggregate number of shares of Series G Preferred Stock held by such Holder and will be rounded down to the nearest whole number, and in lieu of any fractional share of Common Stock issuable upon conversion, the Company shall pay an amount in cash (computed to the nearest cent) equal to the Conversion Price (as adjusted in a manner inversely proportional to any adjustments to the Conversion Rate prior to the Mandatory Conversion Date) multiplied by such fraction of a share.

**Table of Contents**

(c) *Return and Cancellation.* If at any time the Available Amount and Liquidation Amount are both equal to zero, the Holders of shares of Series G Preferred Stock shall return such shares to the Company for cancellation in exchange for an amount in cash per share of Series G Preferred Stock equal to the accrued and unpaid dividends on such share, if any, that have not been added to the Liquidation Amount, and the Company shall cancel the shares of Series G Preferred Stock so returned.

**Section 7 . Voting Rights.**

(a) *General.* The holders of the Series G Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law.

(b) *Class Voting Rights as to Particular Matters.* So long as any shares of the Series G Preferred Stock are outstanding, whether or not the Liquidation Amount per share is greater than zero, in addition to any other vote or consent of stockholders required by law or by the Charter, the vote or consent of the Holders of at least 66 $\frac{2}{3}$ % of the shares of the Series G Preferred Stock at the time outstanding, voting as a separate class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) *Authorization of Senior or Pari Passu Stock.* Any amendment or alteration of the Certificate of Designations for the Series G Preferred Stock or the Charter (including any amendment to the Charter effectuated by a Certificate of Designations) to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of capital stock of the Company ranking senior to or *pari passu* with the Series G Preferred Stock with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding up of the Company (the **Senior or Pari Passu Securities** ); *provided, however,* that the voting rights provided in this Section 7(b)(i) shall not apply to any amendment or alteration of the Charter (including any amendment to the Charter effectuated by a Certificate of Designations) to authorize or create or increase the authorized amount of, or any issuance of, any Senior or *Pari Passu* Securities initially issued to the UST;

(ii) *Amendment of the Series G Preferred Stock.* Any amendment, alteration or repeal of any provision of the Certificate of Designations for the Series G Preferred Stock or the Charter (including, unless no vote on such merger or consolidation is required by Section 7(b)(iii) below, any amendment, alteration or repeal by means of a merger, consolidation or otherwise) so as to adversely affect the rights, preferences, privileges or voting powers of the Series G Preferred Stock; or

(iii) *Share Exchanges, Reclassifications, Mergers and Consolidations.* Any consummation of a binding share exchange or reclassification involving the Series G Preferred Stock, or of a merger or consolidation of the Company with or into another corporation or other entity, unless in each case (x) the shares of the Series G Preferred Stock remain outstanding and are not amended in any respect or, in the case of any such merger or consolidation with respect to which the Company is not the surviving or

**Table of Contents**

resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of the Series G Preferred Stock immediately prior to such consummation, taken as a whole;

*provided, however*, that for all purposes of this Section 7(b), any increase in the amount of the authorized Preferred Stock or the creation and issuance of any other series of the Preferred Stock, or any securities convertible into or exchangeable or exercisable for any other series of the Preferred Stock, ranking junior to the Series G Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of the Company shall not be deemed to adversely affect the rights, preferences, privileges or voting powers, and shall not require the affirmative vote or consent of, the Holders of outstanding shares of the Series G Preferred Stock.

(c) *Changes after Provision for Redemption.* No vote or consent of the Holders of the Series G Preferred Stock shall be required pursuant to Section 7(b) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of the Series G Preferred Stock shall have been redeemed pursuant to Section 5(c) above or returned and cancelled pursuant to Section 6(c) above.

(d) *Procedures for Voting and Consents.* The rules and procedures for calling and conducting any meeting of the Holders of the Series G Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules that the Board of Directors or any duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Charter, the Bylaws, and applicable law and the rules of any national securities exchange or other trading facility on which Series G Preferred Stock is listed or traded at the time.

Section 8 . *Record Holders.* To the fullest extent permitted by applicable law, the Company and the Transfer Agent may deem and treat the record Holder of any share of the Series G Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Company nor the Transfer Agent shall be affected by any notice to the contrary.

Section 9. *Conversion Procedures.*

(a) On the Mandatory Conversion Date, dividends on the shares of Series G Preferred Stock shall cease to accrue, and such shares of Series G Preferred Stock shall cease to be outstanding, in each case, subject to the right of Holders of such shares to receive the shares of Common Stock into which such shares of Series G Preferred Stock are convertible pursuant to Section 6(a).

**Table of Contents**

(b) The Holders of the shares of Series G Preferred Stock shall be treated for all purposes as the record holders of such shares of Common Stock as of the close of business on the Mandatory Conversion Date. Prior to the Mandatory Conversion Date, shares of Common Stock issuable upon conversion of any shares of Series G Preferred Stock shall not be deemed outstanding for any purpose, and Holders of shares of Series G Preferred Stock shall have no rights with respect to, or as holders of, the Common Stock (including without limitation voting rights, rights to respond to tender offers for the Common Stock and rights to receive any dividends or other distributions on the Common Stock) by virtue of holding shares of Series G Preferred Stock.

(c) Shares of Series G Preferred Stock duly converted in accordance herewith, or otherwise reacquired by the Company, shall resume the status of authorized and unissued Preferred Stock, undesignated as to series and available for future issuance (*provided* that any such cancelled shares of Series G Preferred Stock may be reissued only as shares of any series of Preferred Stock other than Series G Preferred Stock).

(d) The Company shall register the certificates for the shares of Common Stock to be issued upon conversion of Series G Preferred Stock in the name of the Holder of such Series G Preferred Stock as shown on the records of the Company, unless the Holder of such Series G Preferred Stock shall by written notice to the Company elect not to receive shares of Common Stock deliverable upon such conversion in certificated form, in which case the Company shall register such shares in its direct registration system in the name of the Holder of such Series G Preferred Stock as shown on the records of the Company.<sup>2</sup>

*Section 10. Reservation of Common Stock.*

(a) On and after the date the Conversion Price is fixed, the Company shall at all times reserve and keep a sufficient number of authorized and unissued shares of Common Stock or shares held in the treasury of the Company, solely for issuance upon the conversion of shares of Series G Preferred Stock as herein provided, free from any preemptive or other similar rights.

(b) Notwithstanding the foregoing, the Company shall be entitled to deliver upon conversion of shares of Series G Preferred Stock, as herein provided, shares of Common Stock reacquired and held in the treasury of the Company (in lieu of the issuance of authorized and unissued shares of Common Stock), so long as any such treasury shares are free and clear of all liens, charges, security interests or encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders and the restrictions contemplated by the Restricted Shares Legend).

(c) All shares of Common Stock delivered upon conversion of the Series G Preferred Stock shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders).

*Section 11. Conversion Rate Adjustments.*

**Table of Contents**

(a) The Conversion Rate and the Number of Underlying Shares shall be subject to adjustment, without duplication, under the following circumstances:

(i) the issuance of Common Stock as a dividend or distribution to all holders of Common Stock, or a subdivision or combination of Common Stock, in which event the Conversion Rate shall be adjusted based on the following formula:

$$SR_1 = SR_0 \times (OS_1 / OS_0)$$

where,

$SR_0$  = the Conversion Rate in effect at the close of business on the record date

$SR_1$  = the Conversion Rate in effect immediately after the record date

$OS_0$  = the number of shares of Common Stock outstanding at the close of business on the record date prior to giving effect to such event

OS